



**Report No 42**

# **Global Trade expansion and liberalisation: gender issues and impacts**

**A study prepared for the Department for International Development (DFID) UK**

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(revised)**

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## ABBREVIATIONS

ACP	African, Caribbean and Pacific countries (under Lomé Convention)
ARTEP	Asian Regional Team for Employment Promotion (ILO)
BRIDGE	Briefings on Development and Gender (IDS)
CAP	Common Agricultural Policy
CCC	Clean Clothes Campaign
CEP	Council for Economic Priorities
CIIR	Catholic Institute for International Relations
CLAIHR	Canadian Lawyers Association for International Human Rights
DFID	Department for International Development (UK)
EDI	Economic Development Institute (World Bank)
EIU	Economist Intelligence Unit
EPZ	Export processing zone
ERP	Economic recovery programme
EU	European Union
EUD	European Union Division, DFID
FDI	Foreign direct investment
FLF	Female labour force
FLFP	Female labour force participation
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GSP	Generalised System of Preferences (EU)
H-O	Hecksher and Ohlin (trade theory)
ICDA	International Coalition for Development Action
ICFTU	International Confederation of Free Trade Unions
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IILS	International Institute for Labour Studies (ILO)
ILO	International Labour Office
IMF	International Monetary Fund
MFA	Multi-Fibre Arrangement

MNC	Multinational corporation
MVWG	Monitoring and Verification Working Group
NAALC	North American Agreement on Labor Co-operation
NAFTA	North American Free Trade Agreement
NEF	New Economics Foundation
NGO	Non-governmental organisation
NIC	Newly industrialising country
NTAE	Non-traditional agricultural export
ODI	Overseas Development Institute
OECD	Organisation of Economic Co-operation and Development
PIHS	Pakistan Integrated Household Survey
SAP	Structural adjustment programme
SCF	Save the Children Fund
SDD	Social Development Division, DFID
SSA	Sub-Saharan Africa
TNC	Transnational corporation
TPR	Trade policy review (WTO)
UN	United Nations
UNDP	United Nations Development Programme
UNCTAD	United Nations Conference on Trade and Development
UNIFEM	United Nations Fund for Women
UNRISD	United Nations Research Institute for Social Development
UR	Uruguay Round
WB	World Bank
WEDO	Women, Environment and Development Organisation
WIDE	Women in Development Europe
WTO	World Trade Organisation
WWW	Women Working Worldwide

# 1. BACKGROUND AND INTRODUCTION

## 1.1 *Background to study*

This study was commissioned by the Social Development Division (SDD) of the Department for International Development (DFID), UK, to assess the current state of knowledge about gender inequality and trade, to inform the development of policy in this area and to identify areas for future, policy relevant research. It is largely based on existing literature and analysis of secondary data, as well as on information from selected stakeholder organisations, including international agencies and non-governmental organisations.

The report was prepared by a team of gender specialists and economists, Marzia Fontana, Susan Joeques and Rachel Masika, under the management of the BRIDGE (briefings on development and gender) service<sup>1</sup> at the Institute of Development Studies (IDS), UK. A draft version was submitted to DFID in September 1997 and this formed the basis of discussion at a workshop convened at DFID on 10 October 1997. Participants at the workshop included DFID personnel from SDD and the European Union Division (EUD), as well as representatives of NGOs and research institutions. A summary of workshop discussions and list of participants are appended to this report (Appendices 3 and 4).

Concern with the coherence of development co-operation and broader economic co-operation policies is growing. This report constitutes a contribution to this debate and highlights areas where the existing database needs to be strengthened in respect of gender issues. Given that this is a relatively new area of inquiry, there is also a need to develop the methodological framework to enable more rigorous analysis. For these reasons, only provisional conclusions can be drawn at this stage requiring further empirical investigation and verification.

## 1.2 *Overview*

A major challenge for development policy aimed at reducing poverty is to enable a more equitable distribution of the gains associated with trade expansion and liberalisation. This requires a better understanding of why some countries and social groups are able to benefit more than others from increasing trade flows. There is some understanding of these issues at country and regional level but there has been little consideration as yet of the gender dimension of trade outcomes.

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<sup>1</sup> Sally Baden, BRIDGE Manager, was also involved in developing terms of reference, advising on drafts, overseeing the project and editing the final report. Comments from Chris Stevens and Adrian Wood, IDS Fellows, on an earlier draft, are also gratefully acknowledged.

This report will argue that:

- (a) gender analysis is important in understanding why some countries, sectors, or regions are unable to capitalise on potential trading opportunities, which relates in part to rigidities and distortions, including gender distortions in factor markets; and
- (b) the benefits of trade expansion are differentiated between women and men, as well as between different groups of women, with implications for both gender equality and poverty reduction goals.

The consequences of trade liberalisation and expansion for women both absolutely, and relative to men, have been mixed, with both positive and negative features, depending on a range of factors and preconditions. These include gendered patterns of rights in resources, female labour force participation rates, education levels and gaps by gender and patterns of labour market discrimination and segregation, as well as socio-cultural environments.

The report presents evidence that in some parts of the developing world (particularly Asia, but also Latin America and the Caribbean), the expansion of export production has been associated with the feminisation of the industrial labour force, at least in its initial stages. Women, especially younger, educated women, have been drawn into paid work for the first time in export industries. This has had positive implications for their well being and autonomy, although controversy remains about the terms and conditions of female employment in export production and evidence shows that benefits may be short-lived.

In Sub-Saharan Africa (SSA), where agriculture predominates in export activity, women often do not benefit directly from increased export production since their property rights in land are limited and unpaid family labour is the mainstay of smallholder export production. In poorer SSA countries, there is a danger that the intensification of female labour in export production, often unpaid, may undermine other developmental gains, particularly in the education and health status of women and girls.

These preliminary findings, although they require further elaboration and investigation, suggest a need for a differentiated approach in policy interventions aimed at redressing gender inequality linked to trade patterns:

- in countries where female participation in wage labour in export industries is high, emphasis on reducing labour market discrimination;
- in countries where agriculture is the main focus of export activity, emphasis on strengthening and enforcing women's property rights in land.

Policy needs to act to reduce gender-based constraints to trade expansion and to enhance gender-equalising trends associated with trade, as well as to offset any negative consequences of trade in terms either of widening overall gender inequalities or of specific losses for particular groups of women. This requires first that the gender-differentiated effects of particular trends and policy changes are well understood.

Research and monitoring of gender aspects of trade expansion and liberalisation is thus a high priority, particularly with respect to traded service sectors, informal sector manufacturing, and non-traditional agricultural export production and processing activities. These are areas where women's participation levels are known to be high in absolute and, sometimes, relative terms, but where empirical knowledge is currently weak.

In addition to the broad orientations identified above, policy also needs to emphasise gender equality in the monitoring and enforcement of labour standards (whether in the context of social clauses or not), greater corporate responsibility for gender equality in labour conditions, including in local subsidiaries, and support for women's organisations engaged in monitoring and advocacy on issues of labour standards and rights.



## 2. GLOBAL TRADE EXPANSION, CHANGING TRADE PATTERNS AND THEIR IMPLICATIONS FOR WOMEN'S LIVELIHOODS

### 2.1 Recent trends in world trade

The past twenty years have seen a steady growth in international trade and significant changes in its composition both in the North and in the South. Overall, the volume of world merchandise trade is estimated to have increased at an average annual rate of slightly more than six percent during the period 1950-94 (WTO 1995: 15). Trade now accounts for about 45 percent of world gross national product (GNP) compared to 25 percent in 1970 (World Bank 1995: 51).

The structure of world trade has also changed substantially. The share of manufacturing has increased rapidly and in 1994 constituted 74.3 percent of the total value of world merchandise exports (WTO, 1995: Table II.2). Manufactured goods and, latterly, services<sup>2</sup> have risen steadily at the expense of trade in primary commodities.

**Table 1: Composition of merchandise exports by region and product type**

Region	Share		Product	Share <sup>a</sup>	
	1984	1994		1984	1994
N America and W Europe	54.1	60.5	Agricultural products	14.5	11.9
Latin America	6.0	4.5	Mining products	22.7	10.7
Central/Eastern Europe and the former USSR	9.2	2.9	Manufactures	58.5	74.3
Africa	4.2	2.2			
Middle East	5.9	2.9			
Asia	20.6	27.0			

Source: WTO, 1995

<sup>a</sup> Shares do not add to 100 due to unspecified products

International trade expansion has not affected all developing regions evenly. Countries in East and South Asia have in varying degrees succeeded in supplying both new and traditional goods to the world market, expanding the world market share of Asia from 20.6 percent in 1984 to 27 percent in 1994, while Sub-Saharan Africa and Latin America's world market shares fell from 4.2 to 2.2 percent and from 6.0 to 4.5 percent respectively (see Table 1). The growth of manufactured exports from developing countries has been particularly rapid in South and South East Asia where 78 percent of exports now consist of manufactures. By contrast, Latin America and

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<sup>2</sup> Services are currently the fastest growing element in world trade and account for approximately 20 percent of the total (GATT, 1994).

especially Africa remain predominantly exporters of primary products, although their share of manufactured exports has increased. Within manufactures, electronics have recorded a much more rapid growth than clothing in recent times, from 2.1 percent of total developing country exports in 1980 to 9.9 percent in 1990, while clothing exports increased from 2.7 percent to 5.9 percent (UNCTAD, 1993: Table 3.4). Table 1 gives a breakdown by broad region and product type of the composition of merchandise exports.

Growth in world trade has been due to three main factors:

- changes in transportation and telecommunications which have facilitated the international transfer of goods and services;
- increased flows of foreign investment and changes in the nature of international business location decisions with a greater dispersion of functions;
- the promotion of trade liberalisation (through the reduction of tariff costs and physical obstacles to trade between countries) both at national level and in terms of international treaties, most notably the General Agreement on Tariff and Trade (GATT). However, elements of discrimination against developing countries still remain in the current trade regulations.

## **2.2 Theoretical framework**

Existing literature on the gender dimensions of international trade tends to focus on income and employment rather than consumption effects, and on the impact of changes in export production rather than of import displacement. Reflecting these biases, this report analyses the livelihoods effects of trade expansion for women, primarily through their impact on women's **employment** opportunities. This is analytically less difficult than examining other aspects and data are more readily available. However, reference to broader issues is attempted wherever possible.

The analytical framework used to study the link between trade expansion and employment is based on an often disputed but widely used theory of trade, that of Heckscher and Ohlin (H-O)<sup>3</sup>. The H-O framework dominates the entire economic literature on trade and labour (see for example, OECD, 1997; Wood, 1997). This is because, uniquely, it directly links trade to domestic demand and supply for factors, including various categories of labour (Adrian Wood, personal communication).

It is also a flexible framework, which can without much difficulty be extended to include different kinds of resource endowments, international differences in technology (or other determinants of efficiency) and even institutional intervention in wage-setting (e.g. minimum wages) as source of comparative advantage. Nor would it be difficult to link the H-O theory up to an analysis of broader social considerations,

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<sup>3</sup> H-O theory asserts that countries export goods which use intensively those factors of production that are relatively abundant at home and import goods which use intensively factors that are relatively scarce. Trade thus increases the demand for abundant factors, because of the expansion of export sectors, and reduces the demand for scarce factors, because of the contraction of import-competing sectors, with corresponding effects on factor prices.

both as ‘inputs’ (i.e. as determinants of labour supply, domestic labour demand and wages) and as ‘outputs’ (i.e. the consequences of trade-induced changes in wages and employment) as Kabeer (1995) does in her study of Bangladesh.

On a less positive note, the H-O framework, as with most mainstream economic approaches, does not consider gender as an analytical category. It is increasingly emphasised in the feminist economic literature (e.g. Cagatay, Elson and Grown, 1995) that failure to take into consideration important aspects of gender relations, such as women’s unpaid reproductive work and intra-household resource allocation, leads to an inaccurate evaluation of the impact of economic liberalisation on women both inside and outside the labour market. Further work is needed to develop analytical frameworks which incorporate these concerns while providing a basis for estimating empirical outcomes.

### ***2.3 Impact of trade liberalisation on income distribution and poverty***

An increasing number of developing countries have adopted trade liberalisation strategies in recent times. Whilst trade has the potential to support growth and development, there are structural problems which make it difficult for developing countries to reap fully the potential gains from trade (Evans, 1990; Taylor, 1988).

The neo-classical theoretical rationale for trade liberalisation is that increased openness to trade is beneficial to economic growth and efficiency. It promotes specialisation in conformity with a country's comparative advantage, economies of scale due to the widening of markets, better utilisation of productive capacities, improved management methods and greater enthusiasm for innovation and technical progress in response to foreign competition. Moreover, it is often argued that an outward-oriented policy is more effective than an inward-oriented policy, even when goals such as reducing poverty and inequality are taken into account. As developing countries’ comparative advantage often lies in unskilled labour (the most abundant - and often sole - asset of the poor), foreign trade exposure is likely to favour an expansion of labour-intensive activities (Wood, 1994).

Inferences about the impact of trade liberalisation on poverty can be drawn from the literature on structural adjustment and poverty (for example, Addison and Demery, 1986; Stewart, 1995) which documents increases in poverty following adjustment. However, this probably can be traced to components of adjustment other than trade reform.

Theoretically, the effects of trade liberalisation on poverty are ambiguous. Tracing these effects empirically is not an easy task, due to poor data availability, the absence of a counterfactual and the complexity of demonstrating a clear link between various trade reforms and the resulting income distribution, when many other elements are at work simultaneously.

Three main mechanisms through which trade policy reform may affect the distribution of income are identified in the literature (Addison and Demery, 1986):

- **Employment effect.** Changes in the relative prices for goods, by altering incentives, induces a reallocation of factors of production among sectors that use them with different intensities (and therefore changes in their remuneration);
- **Price effect.** Changes in real incomes, brought about by the same changes in relative prices, affect various social groups differently due to differences in consumption patterns.
- **Public provision effect.** Trade liberalisation may induce income transfers. For example, tariffs generate revenue for the government and any reduction in tariff revenues may affect social groups differently depending on the changes in the composition of government expenditure.

The well-being of the poor depends on both their primary and secondary incomes. The former depend on household assets (land, capital, human capital and labour) and the employment of and returns to those assets. The latter are determined by taxes, transfers and public goods and are mainly provided by the state (Stewart, 1995). The effects of changes in these will impact differently on social groups depending on their sources of income and patterns of consumption.

In terms of the **employment effect**, the most common view is that the distributional effects of trade are likely to vary with the type of the economy. There may be positive effects where the poor are heavily concentrated in labour-intensive manufactures and in economies exporting agricultural products produced in a labour intensive way by small farmers (Bourguignon and Morrison, 1992; Stewart, 1995). However, in many countries, although the poor participate, agricultural export production tends to be concentrated among richer farmers (see Boateng *et al.*, 1990 on Ghana and Kanbur, 1990 on Côte d'Ivoire). Subsistence farmers and net food purchasers are likely to be less favourably affected and each of these groups tends to contain a high concentration of those below the poverty line and specifically of women.

In terms of the **price effect**, conventional trade theory suggests that trade liberalisation will lead to lower prices in domestic markets since goods produced more cheaply in other countries are imported at lower prices than goods produced locally. To the extent that prices do decrease, it can benefit consumers. Women will benefit from these price effects both as individual consumers and as household members primarily responsible for the family budget. It is also suggested that changes in the price structure may lead to consumption effects over and above price effects, as a result of shifts in consumer preference and in cultural norms and values associated with the new goods. In this instance, local crafts and locally produced staples may suffer a decline in demand. Moreover, while middle- and upper-income consumers may benefit from the new market for imported goods, poor households are less likely to be in a position to take advantage of this (Beneria and Lind, 1995).

In terms of the **public provision effect**, the poor will be negatively affected by cuts in public expenditure on goods and services to the extent that a significant proportion of that expenditure goes on priority services reaching the poor (which, however, is often not the case).

### 2.3.1 Employment consequences

One of the most important distributional implications of trade liberalisation is through its effects on the level and composition of employment. Moreover, access to productive employment is one of the most effective ways of breaking out of poverty. A number of recent reports and studies have addressed the issue of the employment consequences of globalisation (Wood, 1994; ILO, 1995; World Bank, 1995).

Trade theory does not lead to unambiguous predictions about the level and pattern of labour demand that might result from trade liberalisation (Fitzgerald and Perosino, 1995). The empirical verdict remains open as well, as demonstrated by the divergence in views expressed in UNCTAD and World Bank's most recent assessments (reported in **The Guardian**, 16 September 1997). The most common view seems to be that while the employment consequences of increased trade are negative in the North,<sup>4</sup> the South is likely to benefit from trade expansion (ILO, 1995: 35-39). However, not all regions of the South have been affected in the same way, with major gains concentrated in South East Asia while Africa appears to have been unable to take advantage of these international developments.

Another dimension which is less investigated is that of the negative employment effects induced by cheap import displacement. These are likely to be strongest in small-scale subsistence agriculture and in the informal sector, although in this latter case other offsetting forces may be at play (e.g. expansion of sub-contracting) (Beneria and Lind, 1995). Women's economic activity is heavily concentrated in subsistence agriculture and the informal sector so that negative employment effects may disproportionately affect them.

The theoretical predictions about the employment consequences of trade liberalisation are based on assumptions of full employment of resources and of quickly adjusting and frictionless markets. These are strong assumptions, particularly in developing countries where structural factors and non-price mechanisms hinder the response to changes in relative prices. So, for example, labour displaced in the sectors that decline may not easily be re-employed in the expanding sectors because of labour market segmentation. This aspect is particularly significant from a gender perspective. As Haddad *et al* (1995: 893) state: 'In order to participate an individual must own factors of production, or have access to them, and must be able to reallocate them in line with the new economic incentives that trade liberalisation precipitates'.

Access to, control of, and ability to move productive economic resources between sectors are gender differentiated. Women are less likely to own or have access to resources and they are less able to reallocate the few resources they do command. With respect to labour, one study of factory workers retrenched under adjustment showed that married women fared much worse than any other group of workers in

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<sup>4</sup> Wood (1994: 147-165), for example, estimates that the cumulative reduction up to 1990 in the demand for unskilled workers caused by expansion of trade in the North was of approximately 36 million person-years and that the demand for unskilled workers relative to skilled workers decreased by around 20 percent.

terms of the quality of job opportunities available to them after retrenchment (Hirata and Humphrey, 1990, cited in Baden, 1997).

On the other hand, women's labour has relatively easily been drawn out of the household sphere and into the labour market, as witnessed by the secular rise in female labour force participation rates over the past 30-40 years in almost all developing regions. One possibility is that the labour allocative incentives prevailing after trade liberalisation have most directly impacted on the incremental labour resources brought to the labour market by women, and that this has allowed greater flexibility in their supply response.

## **2.4 Relevance of gender issues to trade expansion and liberalisation**

Most of the observations discussed above in relation to trade and poverty are particularly pertinent to gender concerns. Gender is a key determinant of vulnerability to poverty. Whilst the processes which bring about poverty among men and women are similar, there are processes which are gender specific. Women are more vulnerable to fall into, and to remain entrapped within poverty, than men (Baden with Milward, 1995).

The vulnerability to poverty of women is strongly linked to their pattern of employment and to their disadvantaged position in the labour market. Women workers in developing countries are concentrated in jobs which bring low earnings, are irregular and insecure and are beyond the effective reach of labour and social protection laws. Three main factors channel women into low-income, low-productivity and often casual employment:

- Women's reproductive and domestic responsibilities are generally perceived to be their primary function. This perception reinforces structural barriers to women's access to education, training, land and productive assets, restricts women's time and mobility for productive work and limits their choice of income-earning activities.
- Women are perceived to be merely secondary earners so that often men have priority over women in the allocation of opportunities for remunerated employment.
- Women face unequal access to productive resources and services although they are largely dependent on self-employment for which land, capital, technology and labour are critical (ILO, 1995: 10).

Many women produce for the international market both directly and indirectly. Rural women in Africa, Asia and Latin America are involved in producing agricultural or horticultural products for foreign markets, or work for wages in traditional cash crop plantations. In industry, women work in factories, not only in export processing zones (EPZs), but also more broadly in clothing, food-processing and electronics industries, and, generally, in industries with a high propensity to export.

Overall, existing evidence seems to suggest that women are likely to benefit from the employment-creation dimension of trade expansion, but that this is largely limited to

the industrial sector. The situation is much less clear with respect to agriculture. Trade-related employment is also recruiting women in varying degrees in services such as finance, tourism and information processing and in agribusiness and food processing. However, the relative importance of the services sector and women's representation within it varies significantly among regions (Joekes, 1995: 36). The current and prospective labour demand for women workers in the modern services sector has been little studied and warrants much more research.

## **2.5 Existing research on gender and trade**

### **2.5.1 Trends in female employment and trade expansion**

Increased manufactured exports from the South are very strongly associated with the feminisation of the industrial labour force, as shown in a study of formal sector employment in manufacturing in developed and developing countries over the period 1960-1985 (Wood, 1991). With reference to developing countries, the study shows a strong relation between increased exports and increased female employment in manufacturing. The largest increases in both the export orientation and the female intensity of manufacturing appeared to be in Mauritius, Tunisia, Sri Lanka, Malaysia and the four East Asian 'tigers'.<sup>5</sup>

### **2.5.2 Case studies and comparative research**

The existing research on women and trade (reviewed in Joekes and Weston, 1994) consists primarily of several case studies of EPZs and of export-oriented manufacturing firms (mainly in East Asia and Latin America, but also Sri Lanka and Bangladesh), some household-level case studies of women with jobs in such firms and two cross-country studies. The contribution of EPZs has been much studied, as the majority of their employees are women.<sup>6</sup> Studies have focused on employment opportunities, which favour women, and working conditions. Evidence is inconclusive on this latter point. Some argue that women fare better in EPZs than in domestic industries, especially when total remuneration is taken into account; others show that pay is poorer. Working conditions generally appear to be poor, although arguably not usually worse than in most jobs open to women. Some evidence also suggests that young single women were the preferred workforce, at least initially, in many EPZs in Asia (Baden and Joekes, 1993). Other evidence shows clearly that wage discrimination tends to be more severe among married persons than among young single persons (Gannicot, 1986; Tzannatos, 1995).

One important conclusion of this research is that the growth of export-oriented manufacturing has benefited women. It has created many jobs for them (both absolutely and relative to men) often drawing them into paid work for the first time, at wages which, although lower than those of men, are often higher than women would

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<sup>5</sup> The developing country sample in the study covers 35 countries. It would be useful and interesting to update and extend this dataset. The inclusion of Bangladesh, for example, is likely to make the results stronger.

<sup>6</sup> For a comprehensive review of gender issues and EPZs, see Baden and Joekes (1993).

have earned in the alternative forms of work open to them. In some countries, the regularity of the wages from these factory jobs, and the location of the work outside the sphere of control of male relatives has empowered women, increasing their influence on household decisions, and permitting them to escape from situations of domestic violence and oppression (Kabeer, 1995). However, it is also observed that these gains may be only short term (Joekees, 1995).

The agricultural export sector (plantation and small farms) accounts for the bulk of women's trade-related economic activity in Africa but remains relatively under-researched. The limited evidence shows that the effects of increased exports of traditional cash crops in Africa are generally less favourable to women than to men (Gladwin, 1991; Kennedy and Coghill, 1987). But the picture is mixed, with differences between traditional export crop production, newer exports such as horticultural products and agro-industry; the gender impact of the latter is particularly under-researched.

The impact on women of expanding export production varies according to social and other factors governing the division of labour. Increasing demands on women's labour contribution to export cash crop production (where they generally work as unpaid family labour for male relatives) can lower their nutritional status and of that of their families, where income is appropriated by men and not spent on food, or else drain women's energies if they keep up production for own consumption. Women farmers - particularly female heads of households<sup>7</sup> - may find it difficult to become independently involved in the production of newer export crops because of limited access to credit, technology and marketing channels. Many women have found employment in agro-industry but this may not have improved their status as much as in manufacturing, as the work is highly seasonal and dependent on yields.

### 2.5.3 Gaps in existing research

There are important gaps in the **sectoral coverage** of the existing research, i.e. a lack of analysis of:

- non-traditional agricultural exports;
- primary processing activities;
- traded services; and
- small-scale informal sector manufacturing.

Data limitations are particularly strong with reference to agricultural employment (information is generally only available on the traditional sector) and the informal sector, where the negative effects of trade expansion may be concentrated, through pressure of import competition from trade liberalisation. On the other hand, small workshops supplying work for larger export concerns may be expanding in line with patterns in the formal sector and amplifying the employment creating effect (ILO, 1996b). Although observations to date of the relationship between trade expansion

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<sup>7</sup> Female heads of households are often thought to face particularly strong constraints in their access to productive resources. This, however, is not always the case and may vary from country to country and between different types of female-headed households (Baden with Milward, 1995).



and female employment have been limited to employment in the modern factory sector, which conventional statistics cover most satisfactorily, there is some evidence that the expansion of exportable services is another source of employment for women in the modern sector, especially in the Newly Industrialising Countries (NICs). However, it is difficult to disentangle information on internationally traded services which often are not isolated in data from traditional commercial services, or social sector personal services. In both the informal sector and services, further research is much needed.

The limitations of the literature on this area are not just in its empirical coverage, but also of an **analytical** nature. For example, most of the analysis is partial equilibrium, looking at specific firms or sectors in isolation, neglecting linkages to other sectors and failing to trace indirect effects, which can cause the ultimate outcome of policies or exogenous shocks to be different from their immediate impact.

Of particular importance here, the literature does not explicitly and systematically introduce gender as an analytical category. The interaction between market and non-market spheres, mediated by unequal gender relations, is important for overall outcomes.<sup>8</sup> To date, there is a very limited number of studies which analyse what happens in the invisible economy under adjustment, i.e. how dynamics within the household affect women's decision to participate in market activities and whether there is any change in resource allocation patterns within the household. Thus, it is not clear whether, or under what conditions, women acquire greater control over their income, whether the way they spend it is changed, and whether a reallocation of time between unpaid and paid work occurs, as a result of their entry into trade-related employment.

There are other areas in which more research would be valuable. Some recent studies have tried to investigate the correlation between outcomes for women in the labour market and other variables such as education (Wood and Berge, 1994) and rapid economic change (Tzannatos, 1995). Wood and Berge (1994) investigate the linkage between female education and export competitiveness. They test the hypothesis that availability of educated female labour is an important determinant of success in exporting manufactures using cross-country regression analysis, but measurement problems<sup>9</sup> prevent the emergence of any clear result.

The hypothesis nevertheless remains an important one in this context, for it raises two important issues. First, can the adoption of a human resource-led development strategy be one way of reshaping a country's comparative advantage (Godfrey, 1997)? Competitiveness can be created and not just endowed and female education could play an important role in this. Second, the literature on the preferential demand for female labour in export production suggests that the female labour force may be endowed with skills that enable them to contribute significantly to the expansion of export-oriented industry. These would relate not necessarily to education, in the conventional

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<sup>8</sup> For a comprehensive discussion of these limitations, see Cagatay, Elson and Grown (1995).

<sup>9</sup> Most notably collinearity between the overall level of education and the relative educational position of women.

sense, but to such characteristics as 'docility', 'dispensability' and greater amenity to discipline, as stressed in the early feminist literature (see Baden and Joeques, 1993, for a discussion). Inter-personal communications skills and task-flexibility requirements of flexible specialisation, and of the total quality control and just-in-time methods associated with the Japanisation of production, are also likely to increase under trade liberalisation. These characteristics are often associated with female workers.

Another area of research is the impact of trade on gender-based wage discrimination. A study by Tzannatos (1995) suggests that the terms and conditions of women's employment in developing countries have benefited from economic change and liberalisation and that improvements appear to occur at a more accelerated pace than in developed countries during their industrialisation. His findings point to an overall improvement in the position of women in the labour market mainly resulting from increases in female relative pay within sectors, particularly manufacturing, more than from shifts between sectors. However Tzannatos' data also point to another disturbing trend: a strong, positive relationship between the size of the discriminatory gap in male and female wages and the level of female education in the population (Susan Joeques, personal communication). The convergence of male-female wage gaps which Tzannatos identifies is not happening as fast as would be predicted, given the diminution of gender gaps in educational provision. This may reflect the fact that most educated women are absorbed into low-wage parts of the manufacturing sector such as clothing. This should be a source of concern for policy makers, particularly given the importance accorded to female education as a means to promote gender equality. The relationship between trade and gender discrimination in labour markets certainly warrants further detailed investigation.

## **2.6 Case studies**

The gender-differential effects of increased openness to trade vary with resource endowments, educational levels, labour market institutions and policies and socio-cultural norms. The use of national case studies may help to illustrate some of the mechanisms operating in relation to trade and women's livelihood opportunities. This approach poses some methodological problems as it is difficult to disentangle the effects of trade expansion from those of other simultaneous changes. Nevertheless, tentative interpretation can be made of the limited facts observed.

Comparison between regions with different performances in relation to trade expansion may be of particular value. Asian and African countries have experienced divergent outcomes from increased openness to trade mainly resulting from their different comparative advantage, based on abundant labour in Asia and on abundant natural resources in Africa.

Women seem to have been better placed to benefit from trade in Asian than in African countries. Joeques (ICDA, 1997) has developed a schematic model of the gains and losses to women from expansion of trade, based on differential property rights. The more positive outcome for women in Asia may be attributed to the fact that women's

labour power is less alienable than their rights over land and natural resources, which are tightly constrained and contingent.<sup>10</sup>

As well as comparing across regions, comparison between countries within regions may shed light on factors which lead to more or less positive outcomes from trade expansion, in terms of gender equality. Here, case study material will be drawn from Bangladesh (archetypal low income, low education, labour surplus case), Pakistan (which has implemented similar economic strategies but where expansion of textiles and clothing has apparently been more male-intensive) and Sri Lanka (with relatively high levels of skills development and particularly of female education). Uganda and Ghana may also provide a useful comparison as they are both reliant on smallholder production of agricultural exports, but with a greater and growing reliance on and high levels of female involvement in non-traditional crops in Uganda. These are all low-income economies of particular interest to DFID in respect of its poverty reduction objective.

A gender-aware approach to trade expansion and liberalisation should assess, first, the impact of trade on women's current material status, given existing tasks and responsibilities under the gender division of labour. Secondly, it should establish whether outcomes and policies contribute to more egalitarian gender relations, either by reducing the basis of women's economic disadvantage or by modifying the gender division of labour (in the household or in the labour market) so that it is less prejudicial to women's income-earning capacity or well-being.

The analysis of case studies below will try to illustrate, wherever the evidence allows, direct, short-term employment effects of trade expansion and liberalisation as well as longer-term effects. The former depend on where women are located in the process of production, and also on the extent to which trade liberalisation has an impact on the relocation of production. Longer-term effects concern whether there is any change in gender segregation by sector and occupation or in gender divisions of labour in the household, whether wage discrimination decreases and whether there is any improvement in labour legislation with reference to women. Moreover, income, welfare and bargaining power benefits within the household and the impact on different groups of women (by age, education, income group etc.) will be highlighted, wherever possible. A 'check-list' matrix (see Table 2) will be used to highlight similarities and differences between countries and also to point to where data is lacking.

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<sup>10</sup> This interpretation is not undermined by the stylised fact that property rights are more favourable to women in Africa than in other developing regions. Property rights in land are not relevant to the gender distribution of gains from trade elsewhere.

**Table 2: Check list matrix**

	Ghana	Uganda	Bangladesh	Pakistan	Sri Lanka	Jamaica
Ratio of human: natural resources <sup>11</sup>						
Female enrolment ratio and female: male gap in education						
Trade reforms						
Export performance						
Female labour force participation (FLFP)						
Female labour force (FLF) sectoral composition						
Educational composition of labour force						
Female: male wage gap						
Property rights						
Non-market sphere						

### 2.6.1 Ghana

Ghana is a low-income economy well endowed with a range of natural resources. The economy has traditionally depended to a high degree on primary (agricultural as well as mineral) production and exports, particularly cocoa.

Human resources are not well developed, with an adult literacy rate of 64 percent in 1995, although much improved from only 31 percent in 1970 (World Bank, 1996). Literacy rates are still much lower for women than for men and are particularly poor for women over 35. The literacy rate for women is estimated at 53 percent compared to 66 percent for men (*ibid.*). Gender differences in enrolment in formal education have narrowed slightly since independence but persist particularly at higher levels. In 1993, primary enrolment ratios were 83 percent for boys compared to 70 percent for girls (*ibid.*: 200). In urban areas, lack of qualifications and a narrow range of skills restrict female access to formal employment while in rural areas they limit farm productivity. Up to three-quarters of female farmers have no education (Baden *et al*, 1994: 39).

After a period of severe economic difficulties, in 1983 Ghana implemented a structural adjustment programme (SAP), supported by the World Bank, with trade liberalisation as a major component. Imports have gradually been liberalised (quantitative restrictions were abolished and tariffs reduced) and efforts have been made to promote exports over a period of around seven years. These changes were

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<sup>11</sup> The ratio of human over natural resources is taken from Wood and Berge (1994). It is measured in terms of school-years per square metre of land.

accompanied by a series of massive devaluations. However, some elements of protection and bias against exports remain in place (Husain and Faruqee, 1994).<sup>12</sup>

Following the implementation of liberalisation policies in Ghana, there has been a general expansion in the level of production in all sectors and significant export growth. However, the composition of total production and of exports has not altered much. Primary products are still very important in the export sector, so that the economy remains highly vulnerable to sharp changes in commodity prices. Moreover, there has been continued heavy dependence on a small number of traditional exports. In 1994, cocoa exports continued to provide around 42 percent of total export proceeds (no change over 1983), and mineral exports accounted for around 36 percent of total export value (up from 23 percent in 1983). Although the supply response of some non-traditional exports to the strengthened incentives has been fairly strong, the importance of manufacturing as a foreign exchange earner has remained small at less than six percent of total exports (Fontana, 1994).

In terms of employment composition,<sup>13</sup> the reduction of the agricultural share in total GDP and the increase in the agricultural share of the total labour force, may (tentatively speaking) indicate that the agriculture sector became more labour intensive during the reform period. For industry, the converse argument may hold, and also more strongly. This may be partially attributed to the expansion of aluminium production, which is generally skill intensive, and to the contraction of some labour-intensive sectors, such as garments and footwear, in the face of increased competition from imports. This may have had a gender-differential impact, as the garments and footwear sectors employ predominantly women, while male workers are the majority in the aluminium industry. Labour force data disaggregated by gender over a longer time series than currently available would enable a comprehensive assessment of changes in women's employment brought about by trade reforms. Given the lack of this information, only few inferences can be drawn, based on scattered evidence on the distribution of female employment across sectors.

The female labour force as percentage of the total labour force seems to have been stable over time, representing around 40 percent both in 1975 and 1994. Women's participation rates are generally high throughout Ghana, with some regional diversity. The most striking feature is that about 90 percent of women are self-employed or work as unpaid family labour in agriculture, agro-based enterprises and commerce or small-scale manufacturing in the informal sector, in activities with low productivity and low incomes<sup>14</sup>. The division of labour is highly segregated in both traditional and modern wage sectors. In agriculture, the majority of women are food producers, and a small percentage are independent farmers, while the majority work in joint family

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<sup>12</sup> Nominal protection is estimated to be around 30 percent while, on the export side, lack of access to export finance by private firms and extensive control of public enterprises over marketing activities inhibits the country's export potential (Husain and Faruqee, 1994).

<sup>13</sup> The share of total labour force in agriculture has increased from 56 percent in 1980 to 59 percent in 1990, with agriculture's share in GDP falling from 60 to 48 percent. In services, the share of the labour force increased from 26 percent in 1980 to 30 percent in 1990, with its share in GDP rising from 34 to 36 percent. The share of the labour force in industry decreased from 18 percent in 1980 to 11 percent in 1990, with industry's share in GDP rising from seven to 16 percent.

farms. Women cultivate smaller plots than men and produce mainly for own-consumption. Only a small number of women are working in the modern sector and very few hold managerial positions. The government accounts for about two thirds of total employment in the modern sector, but women are under-represented here and concentrated in a narrow range of occupations. The labour force is strongly feminised in the trading sector, in which women made up to 86 percent of the persons employed in 1984 (Sarris and Shams, 1991: 101). Most of women's activity is in petty trading, although a small percentage of women have gained substantial market power. Since liberalisation, the trade sector has become more differentiated.

With regard to the distributional impact of the reforms, in agriculture the benefits of adjustment have largely accrued to medium and larger farmers in the cocoa sector, of whom few are women. There is little evidence as yet of women own account producers switching to cocoa production in response to trade liberalisation. Their limited access to credit, inputs, and other resources may have hindered their ability to do so. This points to the need for enabling policies to be introduced to allow women better to take advantage of price incentives.

On a positive note, a recent World Bank study (1995c) highlights a significant reduction in poverty among households headed by women in the 1980s, reversing earlier trends. The marked reduction in rural poverty is due mainly to growth in non-farm self-employment which is the main source of income for female-headed households. These activities are mainly service based and probably have been stimulated by the surge in both imports and exports during the period of economic reform.<sup>15</sup>

A commonly held view is that women in West Africa generally, and in Ghana particularly, enjoy a greater degree of economic and personal autonomy than women elsewhere in SSA. However, the autonomy of the majority of women in Ghana is highly circumscribed by the limited range of their economic opportunities and lack of upward mobility. Moreover, increased participation in market activity alone is unlikely to lessen gender inequalities, since the terms of women's participation are constrained by inequalities at the level of the household.

When all non-market work is accounted for, women work on average longer hours than men. Men have considerable control over women's work time. Women are responsible for all reproductive labour and rely on female kin when engaged in market work. Women are also often expected to contribute to husbands' enterprises without remuneration. These constraints, combined with lack of start up capital, limited access to productive inputs and lesser skill endowments, severely limit the scale of women's operations (Baden *et al*, 1994). Even if adjustment has increased the extent of women's market activity and thus their income-earning capacity, there is nothing in

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<sup>14</sup> According to calculations by Beaudry and Sowa (1994), 87 percent of women are involved either in household farming or household business while only four percent are employed by the government and three percent are in the formal private sector.

<sup>15</sup> It is not clear what methodology has been used in reaching these findings.

the reforms to enable women to overcome these scale constraints, to improve the productivity of their enterprises or to sustain income rises into the longer term.

### **2.6.2 Uganda**

Uganda has been successful in overcoming much of the devastation caused by many years of political instability and since 1990, it has been one of the fastest growing African economies. Nevertheless, it remains one of the poorest countries in Africa with a per capita income of \$US 220 (World Bank, 1996).

Human resources in Uganda are quite poorly developed with significant gender differences in education levels. Less than half of the female population (46 percent) are literate compared to almost three quarters of the male population (71 percent). Overall enrolment ratios remain low and only 29 percent of girls compared to 48 percent of boys complete primary school (World Bank, 1995b).

A programme of economic reforms began in 1987 in Uganda with the implementation of the WB/IMF Economic Recovery Programme (ERP). Trade liberalisation has involved the termination of most imports bans, gradual tariff liberalisation, the introduction of more streamlined export and import procedures and the dissolution of state marketing and processing monopolies (WTO, 1995).

Economic recovery has averaged six percent a year since 1987 (World Bank, 1996). Output in agriculture, by far the most important sector of the economy, is beginning to recover. Nevertheless, the economy continues to suffer from serious economic imbalances. The trade balance remains highly vulnerable to fluctuations in world commodity prices, particularly coffee. Other traditional export crops (cotton, tea, sugar and tobacco) have not recovered from their collapse in the 1970s and 1980s. Trade diversification has occurred in agriculture, with a significant rise in non-traditional agricultural exports (NTAEs). Coffee's share of total merchandise exports has declined from about 90 percent in 1985/86 to about 65 percent of the total in 1993/94 (Uganda, 1995, cited by Elson and Evers, 1996a).

Uganda has almost no current capacity in export manufacturing (less than one percent of total exports are manufactures) and the share of manufacturing in GDP (5.4 percent in 1990) is lower than in Ghana. The services sector accounts for around one third of GDP and only one tenth of the labour force, whilst in Ghana services account for the same share of GDP but for a much higher share of the total labour force. The formal services sector is male dominated while informal services, mainly roadside sales of food, tobacco and newspapers, are more female intensive (males are 68 percent of the workforce in services overall) (Elson and Evers, 1996a: 8).

The majority of Ugandans (89 percent) live in rural areas and smallholdings provide livelihoods for most people. It is estimated that 90 percent of rural women and 53 percent of rural men are engaged in agricultural production (Elson and Evers, 1996a). About two thirds of food production is retained for own use, although this share is declining as more food is marketed on a regular basis (World Bank 1995b: 103). Women account for most of the labour involved in the production of all three categories of agricultural output: food for consumption (80 percent of the total labour

force), traditional exports (60 percent) and NTAEs (80 percent). The latter comprise about one quarter of total exports and include cereals and beans, as well as fish and other high value-added products such as vanilla and horticultural products.

There are important gender distortions in labour markets. Women's wages are, on average, 40 percent below those of men and as much as half of this gap is estimated to be due to direct discrimination (Appleton *et al.*, 1995). Gender inequalities are particularly strong in the agricultural labour market where women are concentrated in the category of 'unpaid family worker' whereas men are concentrated in the category 'self-employed' (1991 Census cited in ILO, 1995b).

Data are generally lacking to analyse changes in the gender composition of employment in each sector and subsector resulting from trade reforms. In agriculture, the reforms implemented in 1987 have had an effect on trade performance, but basic food production has been stagnant (World Bank, 1995b). Export successes have been limited to NTAEs. It seems that women have been better able to participate in this instance. By 1992, more than 25 percent of women farmers had adopted new food export crops and 48 percent of all women farmers were producing NTAEs. Some of these products (e.g. green beans) are grown both by large and small farmers, sometimes on contract to international food marketing companies and processors. This has the advantage, from an equity perspective, that small farmers can produce and market them as successfully as large. On the other hand, production of flowers for export, despite its agricultural character, is closer to an industrial process. A contractual wage labour force is used, whose terms and conditions of employment are akin to those of industrial workers, except that the work is clearly seasonal.

Where production of these non-traditional, semi-processed agricultural outputs has been developed, evidence suggests that this has relied on the specific use of female labour. This has led to increased incomes for households involved, but the demands on the labour of women and children may have social costs (such as girls substituting for their mothers in household tasks, at the expense of their schooling). Moreover, women do not always sell the crops and control the proceeds. Kiggundu (1996: 34) observes that 53 percent of soy growers are women but that often they are not the ones selling the products, and therefore do not have control over the receipts. This confirms the view (e.g. in Haddad *et al.*, 1995) that generally women producers are less able than men to capture the benefits of increased producer prices and for this reason, the effect of new incentives on agricultural supply response is dampened.

Gender inequalities within the household appear to be strong in Uganda. Intra-household expenditure appears to favour men and boys over girls and women (UNDP 1995: 77). In many areas, there are striking differences in the welfare status of female- and male-headed households and between males and females in the same family (Elson and Evers, 1996a). The increased involvement of women in NTAEs may contribute to reducing these gender inequalities but data is to assess this is lacking.



### 2.6.3 Sri Lanka

Sri Lanka is a low-income economy, with some mineral deposits. Sri Lanka's human development indicators are remarkably good for a poor country with a literacy rate higher than 90 percent (Fontana, 1994). Compared with other developing countries, the gender disparity in formal education is not significant. Educational attainment levels of both men and women have shown a persistent upward trend and the female literacy rate, at 87 percent in 1995, is only marginally lower than that of their male counterparts (World Bank, 1996). Among employed females, the share of persons with no schooling had been reduced to around 25 percent by the early 1980s (Rodrigo and Deraniyagala, 1990: 8).

Sri Lanka adopted liberalisation policies in 1977 and since then has succeeded in attracting both foreign and domestic investment in manufacturing. The policy reform facilitated an acceleration of GDP growth to an average of about 5.6 percent during the early 1980s. The fastest growing sectors since 1977 have been the industrial sector (mainly garments and textiles) and the service sector, whereas activity in the agricultural sector has grown more slowly. One of the forces behind the growth in manufactures has been the increasing presence of EPZs, with a largely female workforce.<sup>16</sup> Garments industries have predominated with subsequent promotion of food processing and non-metallic mineral industries.

As a result, the composition of exports has changed in favour of unskilled labour-intensive manufactures, primarily garments, and the employment share of this sector has also increased. Agricultural exports remain important, normally accounting for between a quarter and a third of total exports. However, in 1986, textiles and clothing overtook tea as the country's leading exports.

Despite economic changes and sectoral shifts in composition, the bulk of female workers are still concentrated in farm- and plantation-based activities at the lower end of the occupational/skills range with limited vertical career mobility. The comparatively low cost of labour and the enthusiasm on the part of foreign investors to establish themselves in a new quota-free location facilitated the emergence of the textile industry as a major employer of female labour. The incremental employment generated for women by the expansion of manufacturing has positive features, but much of it has been concentrated at lower levels of the occupational structure and displays low wage characteristics. The female:male ratio in manufacturing increased from 25 percent in 1963 to 80 percent in 1985 (Wood, 1991) and employment of women in manufacturing increased by 50 percent from 1977 to 1995.<sup>17</sup>

The distributional implications of the reform package implemented in 1977 have been assessed in many studies (see for example Bruton, 1992 and Rodrigo, 1988). Many of them contend that liberalisation increased inequality in Sri Lanka. Some authors, on the other hand, question the reliability of the income data available, and furthermore

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<sup>16</sup> Three EPZs were established in 1978, 1984 and 1990 with almost 80 percent of the workforce female (Jayaweera, 1993).

<sup>17</sup> Calculated from ILO labour force data.

conclude that Sri Lanka's economic liberalisation policies did not aggravate income inequality (Glewwe, 1986). While these studies do not explicitly refer to the gender distributional consequences of trade liberalisation, a few inferences can be drawn out. The fact that benefits accrued mainly to entrepreneurs and to larger-scale operations suggests that less of the benefits will have accrued to women, who are under-represented as entrepreneurs, and who tend to be employed in greater numbers in small-scale operations.

Data for the last ten years or so are scattered. A World Bank study on unemployment in Sri Lanka (Prywes, 1995) explains the high rates of unemployment among women, and in particular, among young educated women, with reference to the very limited mobility of women across occupations and the high degree of gender segregation, confirming the trends highlighted in the ILO/ARTEP study (Rodrigo and Deraniyagala, 1990). It is observed that much of the expansion of employment over the past decade has been in predominantly male occupations - such as the military and the police - while the growth of job opportunities for women has been limited to the garment industries and in domestic employment abroad. This latter activity has become an important phenomenon in Sri Lanka.

The small stream of unskilled and semi-skilled workers migrating abroad in the late 1970s had swelled to nearly 500,000 by 1990 (Jayaweera, 1993: 16). These workers, mainly migrating to the Middle East, have often been exploited by unscrupulous agents. Women working as domestic servants abroad make a crucial contribution to the nation's foreign exchange earnings and to family resources, but at considerable cost to themselves and with minimal improvement in their position (*ibid.*:17).

#### **2.6.4 Pakistan**

Pakistan is a semi-arid country with a total population of 128 million people of which two thirds live in rural areas. Illiteracy is widespread (71 percent) and is particularly prevalent among women and girls. Eighty-three percent of females are illiterate, with no change in the period 1981-91, while 60 percent of males are illiterate with a decline of five percent in the same period (PIHS, 1991 cited in Elson and Evers, 1996b). Enrolment ratios are much lower for girls than boys at all levels: 49 percent of eligible girls were in primary school compared with 80 percent of boys in 1993 (World Bank, 1996).

Since 1988, Pakistan has implemented a structural adjustment programme (SAP) under the aegis of the World Bank and IMF, with trade liberalisation as a major component. However, the economy has not responded to the reforms as quickly as policy makers had hoped and macroeconomic imbalances remain serious.

Although the trade deficit declined in the mid-1990s, this was primarily due to falling imports rather than any growth of exports. Despite a commitment to export diversification, the country remains highly dependent on the export of cotton and cotton products. Growth in agriculture has been relatively slow and recently the manufacturing sector has also been expanding very slowly. The major export, cotton textiles, relies for its competitiveness on the invisible low-paid and unpaid work of women, both directly in cotton picking and small-scale manufacturing and indirectly

in household production for own consumption, which enables textiles mills to pay low wages to men. Pakistan appears locked into a stagnating, low-income, low-productivity economic regime.

The labour market in Pakistan is highly segmented, particularly in urban areas because of widespread segregation between the sexes. Women are crowded into low-productivity activities. This segmentation has high equity costs because the poorer the family, the more likely they are to depend on women's earnings (World Bank, 1989: 85). There is serious underestimation of women's work in most official data in both rural and urban economies. The annual labour force surveys (LFS) give an implausibly low female labour force participation rate of 11.9 percent for rural and urban areas combined, while the agricultural census from the 1980s indicates that women's participation rate in agriculture was 73 percent (World Bank, 1989: 85-7). More reliable and consistent gender-disaggregated labour force data, broken down by sector, are much needed for any comprehensive labour market analysis.

Agriculture, including livestock, contributes directly and indirectly to the export sector and is the most important source of livelihood for rural Pakistanis, the majority of whom are landless labourers or sharecroppers. Productivity is generally very low. Cotton is one of the main sources of growth and export earnings while wheat is the main food crop. Women are extensively involved in agricultural production, mainly in homestead-based agricultural activities, while men are responsible for most field-based, outside activities. There is no data readily available on relative shares of labour input in agriculture by gender.

Modern industry largely consists of labour-intensive processing of agriculture products as well as textiles and clothing. In 1992-93, textiles and garments accounted for 64 percent of total export revenue (Elson and Evers, 1996b). This is a male-intensive sector: men comprise 88.3 percent of urban manufacturing sector workers, while women represent only 11.7 percent, at least according to official statistics. However, there is evidence of widespread subcontracting by garments enterprises which frequently employ poor and lower-middle class young women. Most of women's work in textile and garments is done either in informal sector workshops or by home-based workers (World Bank, 1989).

The service sector in Pakistan is overwhelmingly male intensive, with female workers being restricted to community and personal services. Women are virtually excluded from transport activities and account for a very small share of financial and trade-related services (Elson and Evers, 1996b: 10).

Two thirds of all urban employment is in the informal sector, with around twenty percent of the employed working outside the home, mainly in small workshops for larger firms, while the majority are home based (*ibid.*: 15). In rural labour markets, women constitute the bulk of unpaid non-agricultural work and also are more active than men in wage labour, which is one of the lowest paid rural occupations (*ibid.*: 16). In both formal and informal sectors, men's wages are substantially higher than those of women. Moreover, many women obtain work through middlemen, receiving about half the rate of women who are contracted directly (Zia, 1992).

With the currently available information is quite difficult to assess what the changes (if any) are in women's livelihoods, resulting from trade reform. Moreover, the impact of trade reform to date has itself been limited. Much more detailed, disaggregated data would be required to monitor the gender-differentiated impacts of further reform.

The social costs and benefits of growth have been inequitably distributed in Pakistan. Although information on poverty is not disaggregated by gender, gender inequality in income distribution is marked: women receive only ten percent of total earned income, while men receive 90 percent (UNDP, 1995: 77). Comparing Pakistan's performance with other South Asian economies, one interpretation is that the marked gender biases and distortions in labour and other markets may be in part responsible for the sluggishness and lack of supply response in the Pakistan economy. In turn, they have deprived Pakistani women of the benefits from trade expansion that women in comparable countries, notably Bangladesh, have gained (see below).

### **2.6.5 Bangladesh**

Bangladesh is a case of female-led industrialisation, *par excellence*. The emergence of export capacity in manufacturing in Bangladesh is quite recent. The degree of female intensity in manufacturing is far above the norm for other developing countries, although consistent with the very high share of clothing in its export production. In garments enterprises, 70 percent of employees are women (Rahman, 1993a).

Bangladesh has a poor human development record, with a 62 percent illiteracy rate overall, rising to 78 percent among adult women, in 1995 (World Bank, 1996). While female literacy has risen more rapidly than that of men, it remains very low. There has been considerable improvement in the gender gap in enrolment in recent years, particularly at primary level, but overall, primary enrolment is far short of universal (Baden *et al*, 1994).

A major IMF-assisted adjustment programme began in Bangladesh in the mid-1980s and included trade reforms. Exports increased considerably, as did imports, and employment in export-oriented industries expanded in consequence, especially for women.

The female activity rate apparently increased from only ten percent in 1985 to 63 percent in 1989 (Baden *et al*, 1994:10) although problems of under-reporting have affected the earlier surveys, so that the increase probably appears greater than it is. Seventy-one percent of economically active women work in agriculture, while 21 percent work in manufacturing, concentrated in rural industries. Although women's involvement in rural industry has been increasing, their share of the workforce tends to fall as units become larger or more technologically advanced. In large-scale industry, there has been a significant increase in the numbers of women working in garments and textiles and, to a lesser extent, pharmaceuticals and fish processing.

Some evidence (Kabeer, 1995: 8) suggests that most women in the garment factories are very young, mainly unmarried or divorced, and probably have a basic level of

education, since entry qualifications often include a literacy requirement. Women are favoured as employees in export-oriented firms but their employment in these industries is less stable than that of men. A very small but growing number of female workers are also engaged in the construction industry as unskilled day labourers.

One interpretation is that the case of Bangladesh shows that it is not absolutely necessary for a country to have a generally well-educated female population in order to break into world markets in clothing. Up to the present, the rate of labour force participation among (the albeit relatively small number of) more educated women in Bangladesh has been extremely low (Rahman, 1992). More accurate information on the educational level of women in the manufacturing labour force (and conversely on possible changes in labour force participation rates among women according to their educational level) would be valuable in helping to examine whether a competitive, modern sector can be built up employing workers with minimal levels of education, contrary to the assumption in Wood (1994).

Information is available on wage rates in the export sector in Bangladesh. The average weekly female wage in manufacturing is Tk 178 compared to Tk 283 for men (Rahman, 1993b: 101). However, this conceals the fact that among unskilled workers the gap is minimal, at 3.9 taka per hour for males and 3.8 taka for females (a female: male wage ratio of 0.97) (*ibid.* cited in Joeques 1995).<sup>18</sup> A concrete interpretation of the situation might be that employers, knowing of the prevalence of women workers in the industry in other locations, are prepared to pay equal wages - even in some cases perhaps a wage premium to women - at the early stages of export industrialisation, in order to encourage women workers to come forward. Once the labour supply pattern is established, a wage gap may emerge, as in other countries, through a range of mechanisms, such as differential seniority payments, marital status bonus or discount, differences in employment contract status or differential job grading (see e.g. Anker and Hein, 1986). In this case, the relatively gender egalitarian situation in export-oriented employment would not persist. This situation needs to be closely monitored. More importantly, it represents an opportunity for public action to prevent a wage gap by gender appearing among unskilled workers.<sup>19</sup>

### 2.6.6 Jamaica

Jamaica has a substantial export manufacturing sector, and a growing presence in the international market in services. It is a rare example of a country where female-intensive growth in manufacturing has been replicated in the new services sector (Joeques, 1995). Data-entry has been established as a significant export activity, employing women workers almost exclusively, in low-skilled but prestigious and relatively well-paid quasi-clerical jobs, many in the Digiport<sup>20</sup> (Dunn, 1995; Pearson,

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<sup>18</sup> The female: male wage ratios for other grades are 0.62 for skilled workers, 0.88 for clerical workers and 0.91 for executive and managerial workers (Rahman, 1993b: 103)

<sup>19</sup> Experiences elsewhere suggest that enforcement of equal wages may not penalise women's access to jobs. Male workers may insist on receiving a premium over the female wage but (as in the Dominican Republic in the mid-1980s) find export employers not willing to oblige (Joeques, 1986).

<sup>20</sup> The Digiport is an EPZ for services firms, with telecommunications in place of transportation infrastructure.

1993; Pearson and Mitter, 1993). In addition, Jamaica has seen more rapid growth of the financial sector than of any other sector over the past two decades. While GDP rose by 19 percent over this period, the finance and insurance sector grew by 182 percent and by 1989 it provided 9.1 percent of Jamaican domestic product (ILO, 1993). In total services, 'other private services' which include financial services as well as data processing, have grown rapidly in recent years,<sup>21</sup> although it is not possible to separate out their respective shares, and a relatively large share of these jobs may have gone to women.

The high skill and qualification requirements of the new international services sector must predispose employers to invest and recruit female employees in locations where a pool of educated female labour is already available. It would be of great interest to monitor this situation, as a possible test case of the gender equity in employment creation in the new international services sector.

No systematic data on the amount of employment generated by these trends, nor of its gender breakdown, are available. But it is significant that Latin America and the Caribbean is the only region in the world where educational enrolments by women exceed those of men. Despite this apparently positive picture, a disturbing finding is that, on average, women's weekly wages in Jamaica are only 57.7 percent of men's earnings (Psacharopoulos and Tzannatos, 1992: 323). Women's greater endowments both in education and experience appear to be more than offset by the very strong effect of different valuations of male and female labour in the market place.

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<sup>21</sup> Japanese foreign direct investment (FDI) in Latin America (including Jamaica) has been concentrated in the services sector (Watanabe, 1993) and has presumably contributed to this rapid expansion. Foreign investment in all sectors in Latin America is said to embody an increased export orientation (UNCTAD, 1994).

**Table 3: Completed check list matrix**

	<b>Ghana</b>	<b>Uganda</b>	<b>Bangladesh</b>	<b>Pakistan</b>	<b>Sri Lanka</b>	<b>Jamaica</b>
<b>Human: natural resources<sup>22</sup></b>	61.6	41.3	478.2	88.2	601.8	357.8
<b>Female enrolment ratios and female: male gap in education</b>	Female literacy rate only 23 percent, high female: male gap in enrolment slowly narrowing	Female literacy rate 46 percent, very low enrolment ratios with high female: male gap	Female literacy rate 22 percent, low enrolment ratios with narrowing gender gap in primary education	Female literacy only 17 percent, very high female: male gap in enrolments	Very high level of female literacy (83 percent in 1981); no gender gap in enrolments	Education levels and work experience higher for women
<b>Trade reforms</b>	Started in 1983, moderate export bias remains	Started in 1987	Started in 1985	Started in 1988, but very slow	Started in 1977, mainly expansion of EPZs	-
<b>Export performance</b>	Growth but no diversification, cocoa dominating	Traditional exports stagnating, but significant trade diversification with NTAE	Export growth with manufacturing share increasing and agriculture share decreasing	Cotton dominating with no diversification over time	Significant change with garments overtaking tea and rubber	Still dependent on mining exports (alumina and bauxite) but electronics and services rapidly expanding
<b>Female labour force participation (FLFP)</b>	High	-	From 10 percent in 1985 to 63 percent in 1989, but statistical sources unreliable (Baden <i>et al</i> , 1994)	Very low, according to (questionable) official statistics	32.5 percent (Rodrigo, 1990)	Increasing (see Psacharopoulos and Tzannatos, 1992)
<b>Female labour force (FLF) sectoral composition</b>	87 percent of economically active women in agriculture or small business	Majority of economically active women in agriculture	71 percent of economically active women in agriculture and 21 percent in manufacturing	-	Majority of economically active women still in agriculture but increasing share in manufacturing	Economically active women concentrated in manufacturing and services?
<b>Educational composition of labour force</b>	-	-	-	-	Reduction in the proportion of the female workforce with no education	See Psacharopoulos and Tzannatos, 1992
<b>Female: male wage gap</b>	-	Female wages on average 40 percent lower than male with a high proportion of this disparity due to discrimination	Wage gap narrower in manufacturing, particularly among unskilled workers	High disparities	-	high wage disparities (female earnings only 57.7 percent of male on average), despite the higher female educational level
<b>Property rights<sup>23</sup></b>	-	-	-	-	-	-

<sup>22</sup> The ratio of human over natural resources is taken from Wood and Berge (1994) and is measured in terms of school -years per square metre of land.

<sup>23</sup> Insufficient time or information was available to fill in the property rights boxes. Some research on gender and property rights in Africa has been done by the World Bank and IFPRI.

<b>Non-market sphere (sources)</b>	Baden <i>et al</i> (1994)	Elson and Evers (1996a)	Kabeer (1995)	Elson and Evers (1996b)	Jayaweera (1993)	-
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## 2.7 Overview of issues

Table 3 summarises key findings from the case studies in 2.6 which could form the starting point for a more rigorous analysis. Not all the boxes have been filled due to lack of available information. Reliable time series data (or FLFP, its sectoral composition, educational endowments of workers and wages) by gender and more in-depth qualitative information (on property rights, labour market institutions and intrahousehold relations) would be required for a systematic analysis.

At this stage, some general lessons on gender equality and human resources development can be drawn for trade policy.

Trade expansion has distinct gender relations and human resources development consequences depending on country income level, resource endowments, educational levels, labour market institutions and policies and characteristic of other markets, *inter alia*. In some situations the first round impact of trade expansion is clearly positive while in others it is not. The longer-term effects are more difficult to assess due to lack of time series data but there is a danger of short-term gains being eroded.

Trade expansion has the potential to be a powerful contributor to gender equality and human resource development goals, as creator of new income-earning opportunities for women. The challenge is therefore to identify and promote the conditions and pattern of trade most beneficial to women and most likely to extend their gains into the longer term, or to identify the preconditions for women to benefit from trade expansion and liberalisation.

On a pragmatic level, internationally employers have revealed preferences for women workers, not just in light manufacturing, labour-intensive jobs but also in modern services. As the case of Bangladesh suggests, this is not strictly dependent on lower wages paid to women. It is also a function of women's social characteristics as workers, including greater 'docility' but also communications skills and personal flexibility.

Thus, the availability of a high quality female labour force is an important consideration for both old and new types of employer associated with trade expansion. The skills and qualifications of the female workforce warrant policy attention on these grounds. Public action is also needed to monitor and enhance working conditions for all workers, but especially women, insofar as they may be a preferred source of labour and face special disadvantages and constraints in employment.

### **3. GENDER IMPACT OF CONTINUED TRADE LIBERALISATION**

#### **3.1 Introduction**

The Uruguay Round of GATT, which was finally signed in April 1994, marks a major change in the rules of the international trading system towards greater trade liberalisation. Some of its most important outcomes are the phasing out of the Multi-fibre Arrangement (MFA), the reform of agricultural production and the creation of the World Trade Organisation (WTO).

An assessment of the gender-differentiated impact of the new trade agreements in the Uruguay Round (UR) of the General Agreement on Tariffs and Trade (GATT) can only be speculative as:

- 1) Most existing estimates of the impact of the UR, especially in terms of employment, are based on the assumptions that all the trade agreements will be implemented, and that there will be a smooth adjustment to new incentives;
- 2) There is limited evidence to date on the gender composition of the labour force by sector and on the gender division of responsibilities within sectors, and consequently on the way in which female and male workers are able to respond to economic reforms.

The different distribution of male and female workers across sectors and their 'substitutability' as factors of production is important not only to assess the impact of reforms such as trade liberalisation but also because it may determine whether the reallocation of resources expected from liberalisation actually takes place.

#### **3.2 Effects of the Uruguay Round on developing countries**

According to most studies,<sup>24</sup> less than one third of the overall income or welfare gains from the UR will go to the South, with a few upper-income Southeast Asian countries as the main beneficiaries. The greater share of the gains will accrue to the European Union (EU), while SSA will lose income, due to the erosion of preferential treatment through the Lomé Convention, shifts in clothing production to Asia and Latin America with the dismantling of the MFA, and the continuation of high tariff levels.

Under the new trade arrangements, discrimination against developing countries remains. Tariffs are still high on Common Agricultural Policy (CAP) products, although this only affects a small share of SSA exports. Among the poor countries of SSA, there are fears that the UR will jeopardise their trade prospects in European

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<sup>24</sup> There are several detailed accounts and evaluations of the UR outcomes (for example, Davenport and Page, 1994; Davenport *et al.*, 1995; Greenaway and Milner, 1995; Harrison, Rutheford, and Tarr, 1995; Stevens, 1994). One estimate is that the UR will increase world economic growth by between 0.2 percent and 1.4 percent of GDP (Vainio, 1996).

markets since the agreement will lower tariffs for all countries, thereby reducing the impact of the trade preferences currently available to Africa under the Lomé Convention. For textiles and clothing, the liberalisation will be protracted as the MFA will be phased out very slowly.

There is considerable speculation about the employment effects of the UR. For example, Nguyen *et al* (1993) predict a significant change in the composition of employment, with a drop in agricultural employment and substantial gains in the textile industry, mainly concentrated in South and Southeast Asia. However, the evidence on this is limited, especially as regards the gender dimension of employment effects.

### **3.3 Gender aspects of continued trade liberalisation**

Trade expansion has benefited women's access to paid employment in many, though not all, developing countries, as seen in section 2.6. It is plausible that **some** women will benefit from the changes in trading opportunities resulting from the implementation of the UR. Women employed in the manufacturing sector stand to benefit the most, together with women employed in services trade and, to a lesser extent, agriculture, where non-traditional export crops may offer better employment prospects for women than traditional ones. In agriculture, women's status as farmers or workers is more circumscribed and their social entitlement to a return on their labour is mediated in a more complex fashion than under wage-labour contracts.

There are many dimensions and effects to consider when evaluating the implication of the UR for employment. The analysis in this section focuses on two aspects:

- **Lomé/ACP countries:**
  - 1) whether they have benefited from the preferential treatment under the Lomé Convention and what the implications are in terms of women employment;
  - 2) what would happen to women's employment if preferences are eroded.
- **Multi-fibre Arrangement (MFA):**

the implications of the phasing out of MFA in terms of women's employment.

#### **3.3.1 Reform of the Lomé Convention**

The progressive liberalisation of tariffs to developing countries implies the erosion of preferential agreements that groups of countries had secured for access to developed country markets, most notably the series of Lomé Convention agreements between the EU and African, Caribbean and Pacific (ACP) countries.

A recent study by Davenport *et al* (1995) observes that:

Clear evidence proving correlation between export growth and the margin of preferences available to the ACP is lacking. Although exports enjoying high tariff preferences, such as horticulture, fish and clothing exports, have performed well, it is hard to tell whether their expansion can be attributed to the ACP preferences alone (p.30).

Overall, it does not appear that the performance of ACP countries in world trade has been greatly improved by the trade arrangements under Lomé. Some countries like Kenya and Jamaica (Stevens, 1990), and more recently Uganda (Elson and Evers, 1996a) have been successful in developing non-traditional agricultural exports especially horticultural products. Horticultural exports (fruit, vegetables and flowers) may offer better employment for women and have better earning prospects than other activities, although gender based distortions in markets and in the transmission of benefits to women remain (see section 2.6). While non-ACP countries face very high barriers to entry in developed countries markets for horticultural exports, it is hard to establish that the positive performance of selected countries is directly linked to the effects of Lomé.

The fact that ACP countries have been exempted from the highest trade barriers on agricultural products in particular, which are now being dismantled, means that they are likely to lose out following the reduction in their preferential margin (Davenport *et al*, 1995). However, the likely effect of the erosion of preferences is believed to be small since the majority of ACP exports have duty-free access to the developed countries anyway. The countries most affected by the erosion of preferences on tropical products are Cameroon, Ivory Coast, Ghana, Kenya, Malawi and Zimbabwe. Burundi, Uganda and Rwanda will also lose a relatively large proportion of their export earnings because of their high dependence on coffee and cocoa exports to the EU (*ibid.*).

With reference to horticulture, which has expanded under Lomé and appears to have good potential with regard to women's employment, there are divergent views on the link between trade growth and Lomé preferential treatment (Davenport *et al*, 1995; Chris Stevens, personal communication). How the erosion of preferences under the UR is likely to affect the prospects of non-traditional export agriculture and, assuming that women benefit from involvement in this sector, whether further liberalisation is likely to have positive employment effects for women is unclear.

### **3.3.2 Reform of the Multi-fibre Arrangement (MFA)**

World trade in clothing has been governed for a long time by a range of quantitative restrictions under the Multi-fibre Arrangement (MFA). The agreement in the UR to phase out this arrangement over a ten-year period is an important event in global trade liberalisation. According to the new agreement, importing countries are allowed to pursue different policies on the timing and selection of products. In fact, the EU and USA have chosen two distinct integration processes which reflect their different interests, with Europe focusing more specifically on products and market access rather

than targeting in general of specific emergent countries, as the USA is doing<sup>25</sup>. The process of dismantling appears to be very slow and it is thought that textiles and clothing will remain one of the most heavily protected sectors for some time to come.

Under the MFA in the clothing industry countries were given exact product quotas for export to certain markets (primarily the US and Europe) on an annual basis. When these quotas are filled there is no scope for further production and foreign contractors<sup>26</sup> will look to other locations, with unfulfilled quotas, to expand. It could be argued that the MFA restrictions have encouraged some lessening of the concentration of production capacity among developing countries by encouraging diversification into new locations. However, it also clearly penalised countries which were too successful by imposing a ceiling on their expansion.

Various studies try to estimate the impact of liberalising the clothing sector. Despite some differences, all conclude that most countries should gain from the eventual abolition of MFA quotas. The possibilities of unequal distribution of the effects of quota removal in developing countries are explored by Page and Davenport (1994) who estimate that the countries likely to gain most are China, India, Pakistan, South Korea and Eastern Europe. As economies-of-scale considerations become important, most gains are estimated to move in favour of China and India. By contrast, SSA countries are expected to lose their already very small export shares. It is likely that developing countries which are textile and clothing suppliers will face unequal opportunities from the removal of quotas in different import markets. Minor suppliers will leave the market while the suppliers with the lowest labour costs will benefit the most. In the short run, geographic origins and buyer preferences working through individual markets will remain important in sourcing decisions. In the long run, cost factors and product differentiation will acquire greater importance.

Another study suggests that:

countries which lose most as a result of the preference erosion on industrial products (excluding textiles and clothing) are those that have become more advanced in processing and manufacturing or have been able to take advantage of some of the Lomé preferences... [O]nly a few countries including Mauritius, Jamaica, Lesotho and Zimbabwe have benefited from their exemption from MFA. The phasing out of the MFA will affect them because of fiercer competition (mainly from Asian producers) once the exemptions have been removed. Mauritius and Jamaica are expected to lose most in terms of export earnings, 16.5 percent and 7.6 percent of 1992 exports respectively, mainly because they are seen as not having a comparative advantage in producing clothing but instead are exploiting EU (and US) preferences in this sector. (Davenport *et al*, 1995: 67-70).

Jamaica has seen the establishment of data-entry as an export activity on a significant scale together with an expansion of financial services as well, as discussed in 2.6.6. It

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<sup>25</sup> For more details on this point see Majmudar (1996).

<sup>26</sup> There is little foreign direct investment (FDI) in the clothing industry; international links most often take the form of sub-contracting.

is plausible to think that these sectors will expand further as the advantage in clothing is eroded. Overall this should not have major implications for women's employment overall, as data entry activities and services seem also to employ predominantly women. It may, however, have a different impact on different groups of women, particularly if the educational or training requirements of these new sectors are higher. In this case, the erosion of preferences will lead to a relative increase in demand for more educated women and falling demand for less educated women workers.

In terms of women's employment opportunities, it is quite difficult to say overall what the implications of these shifts are. The textile and clothing industry employs a large share of female workers, so that an increase of exports in this sector should be beneficial to them, where this occurs. However, there may also be risks associated with the fact that as the sector expands, new approaches to production, new technologies and product diversification may be adopted leading to shifts in labour composition towards men.

## **4. MECHANISMS FOR REVIEW, MONITORING AND ENFORCEMENT OF LABOUR STANDARDS AND HUMAN RIGHTS LINKED TO TRADE EXPANSION**

### ***4.1 Labour standards, social clauses and international trade***

In recent years, international debate on mechanisms for reviewing, monitoring and enforcing labour standards in the context of trade expansion has focused on the inclusion of social clauses in trade agreements (de Castro, 1995:4; de Wet, 1994:1; Shaw, 1996). The present system of developing, monitoring and enforcing labour standards is increasingly seen as inadequate (World Bank, 1995a: 78). Social clauses consisting of 'core' ILO international labour standards, would provide a mechanism for linking trade to human and workers' rights. Sanctions<sup>27</sup> would be imposed by a joint WTO/ILO Advisory Body, if these clauses were violated. Advocates want to make trade and access to markets conditional on exporting nations meeting previously agreed core minimum labour standards in the production of internationally traded goods (Shaw, 1996: 2).

While there has been much debate over which international labour standards should be included, the International Confederation of Free Trade Unions (ICFTU) proposal is most widely accepted. The core standards proposed cover rights to freedom of association and collective bargaining (Convention Nos. 87 and 98), the prevention of forced labour (Nos. 29 and 105) and prohibition of discrimination (Nos. 100 and 111) (De Wet, 1994: 8; Shaw, 1996: 4). Social clause proposals have also been discussed in various intergovernmental fora and by NGOs, with proposals for additional standards e.g. occupational safety and health (No 155) as well as minimum wage fixing (No 131 and 138).

### ***4.2 Competing views on social clauses***

There are significant differences of opinion on whether there is a need for social clauses, how they should be promoted and which should be the core or minimum labour standards. Conceptual difficulties are also raised.

Some trade economists contend that the WTO does not provide the appropriate framework for labour standard setting and that fixing standards between countries is incompatible with market principles, since regulatory diversity is one dimension of comparative advantage. This issue is sometimes polarised as:

1. whether observance of labour standards constitutes a cost of labour or;
2. whether labour standards as workers' rights can be reduced to a human rights issue which may best be addressed in other fora.

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<sup>27</sup> Probably in the form of financial penalties on offending national governments to conform with WTO principles.

The neo-liberal economic tradition addresses labour standards as a cost issue and as an interference in the market process, impeding efficiency, creating sub-optimal allocation of labour, stifling competition, deterring investments and constraining growth (de Wet, 1994: 3). However, even within this perspective, others see raising labour standards, competitiveness and efficient allocation of resources as mutually reinforcing, although conceding that more empirical and analytical evidence is required to assess the extent to which low labour standards are correlated to lower wages and labour costs (de Castro, 1995). A common argument, for instance, has been that eliminating child labour could contribute to improving allocative efficiency since it undermines efficiency in the long-term insofar as child labour hampers children's education possibilities and degrades their health and welfare (OECD, 1996: 11).

Other economic-centred concerns focus on claims that the relatively weak protection of basic workers' rights and inhumane working conditions in developing countries aggravate low-wage import competition and encourage companies to move overseas, thereby depressing employment, wages and living standards in the North. However, empirical evidence to support claims that differences in labour standards have an impact on trade flows is lacking (*ibid.*: 9).

Opponents of social clauses have concluded that linking labour standards to international trade transactions raises complex sets of questions concerning cost implications for both the economic development of countries and for the workers whom sanctions are intended to help (World Bank, 1995: 78). It is seen as unfair and discriminatory to aim labour standards at the trade sector where working conditions are frequently better than in the rest of the economy. Labour standards would thus provide selective protection and would be of no benefit to other sectors, such as the small-scale agrarian sector, for example, where female and child labour is common. This raises the question whether trade sanctions should only be related to labour conditions in the trade sector, or connected to broader human rights (de Wet, 1994: 7).

One strand of thought argues that existing human rights instruments and bodies are more appropriate than social clauses for dealing with labour rights since labour standards are protected in other widely ratified and accepted international instruments such as the Covenant on Economic, Social and Cultural Rights.<sup>28</sup> Critics of sole reliance on human rights instruments to enforce international labour standards hold that trade may encourage the violation of human rights and because trade institutions and instruments may be more effective than existing, often weak, instruments (de Wet, 1994: 8-11; Romero, 1995: 261).

Proponents of social clauses suggest that labour standards should be discussed within the WTO framework because optimal social protection requires political negotiation and standard setting and should not be left entirely to market forces. Increased mobility of capital and the freedom of locating fixed investments to almost anywhere in the world puts developing countries under pressure to lower their labour standards

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<sup>28</sup> By December 1993, 127 countries had ratified this Covenant.



which can lead to ‘social dumping’ - a process by which countries make use of unacceptable labour practices in order to lower the costs of production (de Wet, 1994: 4-5). The inclusion of international labour standards in the form of a social clause in the WTO framework would in theory make it possible to restrict the importation of products originating in countries or industries which make use of unacceptable practices, such as child labour, prison labour, forced labour, unsafe and unhealthy working conditions, unfair wages and discriminatory practices (*ibid.*).

### **4.3 Current status of debate and negotiations**

The issue of social clauses was prominent in the closing stages of the Uruguay Round negotiations, which included many more developing countries than previous multilateral trade negotiations. Even though most of the ‘core’ labour conventions (except 155 and 131) are widely ratified, implying a degree of universal acceptance, and are derived by governments from rights enshrined in the 1948 Universal Declaration of Human Rights (Articles 20:1 and 23:4), social clause proposals have not made much headway.

WTO has declined to include labour standards in trade agreements maintaining that the ILO is the appropriate forum for the monitoring and enforcement of labour standards. It is argued that existing WTO provisions have not been designed for promoting core standards and that the adoption of social clause propositions would imply a reinterpretation of some WTO practices and procedures, and a renegotiation and amendment of some WTO articles.

The ILO’s tripartite governing system (employers, governments and trade unions) is split on the issue. It has yet to reach a political consensus on whether core minimum standards should be included in a social clause, and if so, which ones. The social clause issue was on the agenda for the ILO governing body conference in November 1997, and it is anticipated that a declaration on social clauses will be agreed in 1998 (Doumbia Henry, ILO, personal communication).

NAFTA (see Box 1) has, however, set a precedent for explicitly linking trade liberalisation with the observance of certain labour rights and allowing for penalties in cases of non-compliance. Labour rights have been enhanced with the expansion of NAFTA, and some cases have come to trial (Bukart, 1997). A successful case was brought by 118 female employees of a US-owned assembly plant based in Mexico after they were ordered by the managers of American United Global, a Californian manufacturer of vehicle parts, to strip and take part in a bikini contest. While they complied for fear of losing their jobs, they filed a sexual harassment suit before the Mexican courts. This was unsuccessful and they were fired but they then filed a suit before the Los Angeles Superior court, claiming severance pay owed to them under Mexican law, and American United Global settled out of court (Kearney 1996).

Support for labour standards has been led by the US (see Box 1) and the EU (Lawrence, 1996: 120), but resisted by most developing country governments, mainly on the grounds that it constitutes a form of disguised protectionism. Other opponents believe that multilateral agreements on labour standards would not be enforceable in

practice. Even though labour standards are intended to protect workers' rights, some trade unions, e.g. in India, have been opposed to labour standards, citing protectionist intentions on the part of advocates (de Wet, 1994: 6), while others like those in Brazil have supported them (Shaw, 1996: 25). Nevertheless, pressure for action is now coming from some workers in developing countries, through civil society organisations. Consumer pressure in the industrialised world is pushing leading retail chains to outlaw employment abuses by their suppliers.

### **Box 1: Trade and social clause linkages**

#### **North American Free Trade Agreement (NAFTA)**

Although NAFTA itself does not include provisions on labour rights, one of the side agreements, the North American Agreement on Labor Co-operation (NAALC), is aimed at strengthening enforcement of national labour standards. In particular, it has established a tri-national enforcement regime for alleged violations of minimum wage, child labour, and occupational health and safety regulations, and an oversight and evaluation mechanism (without enforcement powers) for other labour issues: rights of association, organising and bargaining (Lawrence, 1996: 121; OECD, 1996: 178).

#### **US trade legislation**

US trade legislation provides special trade benefits to developing countries, such as duty free treatment of selected goods. Preferential treatment is accorded only if a country is taking steps to accord the following workers' rights: rights of association; right to bargain collectively; prohibition on any form of forced or compulsory labour; minimum age for the employment of children; and acceptable conditions of work, occupational safety and health (Shaw, 1996: 13).

#### **EU Generalised System of Preferences (GSP)**

The EU Generalised System of Preferences (GSP) incorporated two labour clauses. A 'special incentive' clause aims at stimulating beneficiary countries to apply more advanced social policies. The 'withdrawal' clause has been expanded to include the possibility of withdrawing GSP benefits from any beneficiary country which uses slavery, forced labour or prison labour for the production of goods for export. This was used against Myannari, 1997 (Chris Stevens, personal communication). The detailed design and implementation of the special incentive regime has been delayed until 1998, while the withdrawal procedure became effective in January 1995 (EU/LDC, 1996: 2).

#### **4.4 Gender, labour standards and trade**

Specific attention to women workers within existing international conventions on labour standards focuses on special rights and protection in relation to women's childbearing role (maternity benefits) as well as provisions to end discrimination (ILO Convention No. 111) and establish equal pay for work of equal value (ILO Convention No. 100). In the early years of ILO activities, the emphasis was placed on protection, but over time there has been a shift of attention towards ensuring the application of the principle of equality (World Bank, 1995a: 73; Oppong, 1993: 9). Gender equality advocates are pushing for a broadening of existing provisions to comprehensively address reproductive rights (e.g. right to refuse to work overtime, right to bodily integrity) in the workplace (WWW, undated: 2).

Social clauses are of particular relevance to the disproportionately large numbers of women found in labour-intensive segments of industries producing traded goods, although not of direct relevance to the possibly larger numbers of women involved in export production in the informal sector. Nevertheless, the mainstream social clause debate has, to a large extent, ignored the wider gender issues of significance to female workers in trade-related sectors (WWW, undated: 2). Women's views and interests have not been represented by governments, trade unions, civil society organisations and international NGOs in the present debate.

In the main institutions (WTO, ILO, EU, government, trade unions etc.), the decision-making structures allow little room for a gender perspective to be taken on board. Decision-making processes are not transparent and women are not well represented at higher levels. In general, 'trade interests are associated with corporate interests ... the capacity, interest and administrative obligation to analyse the effects of new trade rules on different aspects of society, social policy and gender is very small at national and international levels within the government sector and for NGOs and universities' (Stichele, 1997: 32).

Gender equality advocates, although conceding some potential benefits from social clauses to some categories of female workers, have highlighted their inadequacies in terms of achieving gender equality goals. Generally, social clauses overlook gender disparities and barriers in the economy, which means that even if they were implemented, there would be no guarantee of increased freedoms and equality for women. Specifically, the debate needs to examine issues around equality of pay and opportunity (WIDE, undated: 3). While achieving equal participation in the workforce is a useful strategy for alleviating gender inequality, it is only part of the solution. As long as women have lesser property rights and access to education, incomplete bodily integrity and control over their sexuality, gender equality will not be achieved. This perspective challenges the view that a general improvement in workers' rights will strengthen women's rights.

Social clauses will not cover a great deal of women's work since they apply mainly to formal sector employment. Much of women's domestic and family work is unrecognised and unremunerated. Equally, much of their paid employment is hidden in homes or small workshops where they are more likely to be employed on a part-

time, casual or temporary basis (Hale, 1996: 8-13; Oppong 1993: 11-12; WIDE, undated: 2). Social clauses may lead to differentials among women just as the protection earlier accorded to formal sector female workers turned them into a relatively privileged group.

Informal sector workers are largely beyond the protection offered by ILO standards, since they are classified as self-employed or family workers. The number of women working in the informal sector is estimated to have risen under economic reform with the highest participation rates occurring in Africa. In India and Bangladesh, more than 90 percent of economically active women work in the informal sector, particularly in industries such as hand loom weaving (Hale, 1995: 7; Hale, 1996: 13; Oppong 1993: 11-12).

Homeworkers, most of whom are women, are another category out of the reach of the social clauses mandate. Homeworkers in developing countries are not protected by basic employment rights since they are classified as 'self-employed'. In general, homeworkers tend to work for little pay, sometimes under unsafe and hazardous conditions (Oxfam, 1996; Shaw, 1996:29). A proposal for a Convention on Homebased Workers outlining the key points on which homeworkers need protection was discussed at an ILO conference in 1995 and adopted in June 1996. The next stage is to get a sufficient number of ratifications by governments to give the Convention some political weight.

Concerns with the shortcomings of current social clause proposals have led to calls for a gender clause for trade agreements. The UK Women's Trade Union Congress has approved a gender clause proposal and WIDE is considering taking this up in its lobbying work.

#### **4.5 Possible benefits of social clauses for women**

Despite the shortcomings of current social clause proposals in gender equality terms, women workers in trade-related sectors may stand to benefit from social clauses, even as currently proposed. The preference for female labour is associated with the desire to keep labour and production costs down by subcontracting or employing workers on a casual, part-time basis with no formal rights and agreements, and not protected by labour legislation or union membership (Hale, 1995: 8; Hale, 1996: 8; Oppong, 1993: 12). Social clauses should lead to improved working conditions for some women workers in those parts of the world where the numbers of female workers are increasing e.g. in South and Southeast Asia.

A strengthening of labour standards through social clauses in trade agreements could enhance female workers' rights to freedom of association and collective bargaining (ILO Conventions Nos. 87 and 98). The ability of female workers to organise and bargain collectively around workplace issues is severely curtailed in industrial zones in many countries, by the non-existence of unions, e.g. in Malaysia, or past banning of trade unions, e.g. in the Philippines. More generally, the fear of redundancies and of withdrawal of companies, and the nature of work itself (subcontracting, part-time and temporary employment) makes organising difficult. Where trade unions exist, the

interests of women workers are rarely represented (Hale, 1996: 9), workers may be intimidated, and in some instances, new entrants (young women) may not be aware of unions (ILO, 1996c: 108; Romero, 1995: 261).

Fiji has been subject to strong criticism by the ILO for non-respect of freedom of association. An ICFTU paper, presented to the WTO trade policy review in April 1997, highlighted the plight of female workers in Fiji (see Box 2).

**Box 2: Case study of women workers in Fiji**

In 1991 new restrictions were introduced by the Fiji government on the right to strike and on the recognition of trade unions, excluding certain categories of workers from union membership rights. Manufactured garments, the main export sector and a major employer of women, was affected. Wages are relatively low in this sector, conditions of employment poor and there is no security of employment. Sexual harassment, denial of maternity leave and annual leave are typical features of the tax free zones of Fiji.

A survey dating from 1990 found that many workers were required to work excessively long hours (sometimes 24 hours per day) and that 81 percent of the factories did not pay overtime rates, in violation of Fiji's Employment Act. Work was required during weekends and public holidays without overtime pay. The average wage was Fiji \$1200, way below the official poverty line of Fiji \$3000 for a family of four.

Large-scale violation of health and safety and sanitary facilities was prevalent, such as inadequate ventilation and sanitary facilities. Instant dismissals, random strip searches of women, clocking in and out when visiting toilets and refusal of sick pay or annual leave were evident.

**Source:** ICFTU, 1997:1

Protecting labour standards such as the ILO Convention 100 (on equal pay for work of equal value) through social clauses in trade agreements is, in principle, particularly important for women workers because wage levels and conditions of work for women are already below those of men (Hale, 1995: 10) and because social clauses have gender-equalising potential.

However, Romero (1995) argues against the potential effectiveness of social clauses in changing wages. S/he points out that, in general, women in EPZs are apprentices, unskilled and semi-skilled workers and that ILO research and surveys provide no evidence that wage disparities between men and women are due to deliberate setting of different gender-based wage and emoluments. Rather, they appear to be the result of gender-based biases with respect to recruitment and promotion of staff, which result in a severe under-representation of women in better-paid, skilled, technical and managerial positions. A 1991 manpower survey showed that 57 percent of employers in EPZs in the Dominican Republic preferred to hire men for administrative and

managerial posts (Romero, 1995: 255). Other research, however, provides evidence of wage discrimination in EPZs (Susan Joekes, personal communication).

Women in Development Europe (WIDE) suggest that although the equal pay for equal work section of the social clauses may be theoretically useful, past experiences show that women continue to receive lower wages than men despite equal pay legislation (WIDE, undated: 3). However, while the scope for effective implementation of equal pay legislation in LDCs is under-researched, the implementation of equal pay legislation in developed countries **has** reduced the gender wage gap by as much as a third. What is not clear is under what conditions and by what measures a reduction of the gender wage gap in developing countries could be effected (Susan Joekes, personal communication).

A strengthening of ILO Convention 111 through social clauses in trade agreements might, in theory, provide a mechanism for advancing gender quality in labour practices but it is unclear how this would work in practice. Additional non-employment measures such as strategies to alleviate poverty, to increase access to education and training, and to support childcare required. Trade-related measures should be part of a wider strategy to eliminate bad working conditions (Oppong, 1993).

Social clauses may not be enough, but should be seen as one possible strategy to protect the rights of women workers. They provide a mechanism for raising women's rights issues in the work context, where constraints to collective action and political representation make this difficult to do in other ways (Stichele, 1997: 34).

Social clauses need to be backed up by strong action at local level, international campaigning and information exchange. Other ways of supporting workers' rights would involve making companies responsible through company codes of conduct (international codes and voluntary codes), since social clauses can only sanction countries. Alternative fair trade networks have a place, as do trade unions (Hale, 1995: 14-15)

#### **4.6 Monitoring and Implementation of labour standards**

Women's groups world-wide have expressed concern at the lack of clarity over which institution would monitor 'core' labour standards and have taken diverse positions over the effectiveness and appropriateness of proposed social clauses in achieving gender equality, or protecting female workers' rights (WIDE, undated:2). The tendency to refer to workers in a gender-neutral way in high level policy fora means that men and women's gender-differentiated experiences of work in trade-related sectors are overlooked. The absence of women, or their limited presence in key decision-making positions in trade unions, the WTO and the ILO suggests that gender interests may not be taken into consideration in implementing social clauses (*ibid.*).

Current implementation and monitoring mechanisms are not adequate for enforcing gender equality-focused labour standards (Convention Nos. 100 and 111). The ILO's supervisory system is composed of regular reporting on the basis of ratified

Conventions, and of complaints procedures (ILO, 1995; ILO, 1996a: 3). Countries which have not ratified these Conventions are asked to submit reports every four years and respond to a limited number of questions concerning the difficulties of ratification, measures envisaged to overcome these and prospects for future ratification (ILO, 1996a: 1).

At domestic level, governments have the main responsibility for monitoring and enforcing the application of labour standards. Once conventions are ratified governments are obliged to convert them into national laws. Many countries have labour inspectorates, but these are sometimes small or corrupt, and coverage is limited. Every two years, governments are required to submit reports to the ILO government body. Employers and worker's representatives have a right to comment on these reports and also play a vital role in promoting awareness of labour standards (ILO, 1995; Romero, 1995: 249).

At international level, the ILO as the key UN agency concerned with labour standards engages in activities that include technical co-operation.<sup>29</sup> The scope for including gender considerations in the process of reporting is very much dependent on the gender sensitivity of the institutions involved (ILO, governments, employers, workers' representatives). Material submitted varies in content and depth. There may be scope to advance gender equality issues through ILO experts based in regional offices since they tend to be well regarded, well informed and in contact with a range of stakeholders (Susan Joeke, personal communication).

The WTO has been earmarked as a possible institution to enforce and monitor proposed social clauses and has expressed some commitment to tackling gender aspects through the WTO Trade Policy Review (TPR) mechanism and process (ICDA, 1997). While the Trade Policy Review Board has no enforcement authority (WEDO, 1995: 4), it serves as vehicle to ensure that information on all members' trade practices and laws is disclosed, and this could serve as an entry point to highlight gender considerations.

A major concern is whether labour standards that deal with gender equality, or related trade sanctions would be imposed objectively or selectively, given that no country in the world fully observes the ILO conventions embodied in current proposals. Furthermore, the effectiveness of social clauses or codes of conduct depends on sufficient resources and commitment to ensure their implementation and monitoring. The difficulties of monitoring are compounded by the complexities of the production process, where work is subcontracted to smaller employers and home-based workers (Hale, 1996:12). In addition there are concerns as to whether ILO, with its reliance on persuasion, and on governments, could effectively monitor relevant social clauses in trade agreements.

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<sup>29</sup> Technical co-operation for the implementation of ILO Convention No. 111 has been provided to Nepal and Eastern Europe.

## **4.7 Other mechanisms for addressing labour and human rights in trade-related activities**

Concern with the effectiveness of mechanisms to monitor and enforce labour standards and more broadly with human rights issues linked to trade, has spawned a range of initiatives from international social movements, NGOs and the private sector, as well as governments. These include voluntary company codes of conduct, fair trade networks and anti-child labour initiatives. Women represent the majority of workers in industries targeted by international trade campaigns (Hale, 1995: 18; Shaw, 1996).

### **4.7.1 Company codes of conduct**

Accusations of low wages and poor working conditions by trade unions, development organisations and consumer groups have put pressure on companies to adopt voluntary codes of conduct in their international operations. While voluntary codes of conduct are more comprehensive than social clause agreements, they generally do not extend to concerns about gender discrimination in work practices. They mainly focus on health and safety, working hours and equal opportunities, and are often combined with concern about environmental issues (Hale, 1995: 16).

Organisations such as Human Rights Watch and the International Secretariat of Amnesty International have actively promoted the use of human rights-sensitive codes of conduct by firms operating internationally, and have been supportive of women's labour rights. Human Rights Watch has been instrumental in highlighting the plight of the female labour force in industrial plants in Mexico. For instance, they have pointed out that Mexican subsidiaries of US and Japanese corporations subject prospective female employees to mandatory pregnancy tests to screen out expectant women, in violation of Mexico's Labour Code (Financial Times, 1996a: 4).

Governments have also begun promoting voluntary human rights codes of conduct. A number of US Congressional bills encourage US businesses to adhere to human rights standards in international operations. In Canada, corporate human rights codes of conduct are beginning to generate interest among business and political leaders.

The development of corporate codes of conduct represents a significant change within the private sector and its engagement with stakeholders (Marlin and Leipziger, 1997: 1). Voluntary codes of conduct have been useful instruments for engaging the corporate sector in issues of labour standards. In practice, however, they are difficult to implement and enforce because industry will only dedicate resources to code administration if it expects benefits such as consumer loyalty, or the removal of government legislation, and will not change its behaviour where profits are at issue (CLAHR, 1996: 1). This implies that the scope for advancing labour standards that deal with gender inequality in the context of codes of conduct may be limited unless public opinion consumers or women's groups are able to highlight concern with this issue. Independent monitoring bodies may be required.

The Council for Economic Priorities (CEP) is drafting a set of standards for monitoring vendor compliance and outlining a framework for accreditation of



monitoring bodies. It is not clear whether gender equality considerations will be prominent in this framework although women's advancement has been one criterion in CEP's social profile of companies for ethical investors. CEP is creating a standards Advisory Board with representation from unions, the private sector, and NGOs from around the world to build a consensus for monitoring standards. In order for the standards to be effective, they will need to be auditable, incorporate continuous quality improvement and create incentives for compliance (Marlin and Leipziger, 1997: 1).

#### 4.7.2. Fair trade networks

Fair trade networks are being promoted by a growing number of organisations in the North. Oxfam, for instance, has been involved in direct marketing of goods made by small producers, importing goods made by co-operatives and development projects in the South. The principle is one of a fair price for fairly produced goods. Women producers have been central to fair trade campaigns, and make up 80-85 percent of Oxfam's producer partners (Oxfam, 1996). Many of the small producers involved in direct trading links are women's co-operatives.

While many campaigns for workers' rights have focused on trade-related sectors that employ large numbers of women and children, gender equality-focused labour standards have not been a major consideration. Many northern NGOs run trade campaigns focusing on particular goods produced in the South, e.g. coffee and bananas to ensure that labour standards are fair throughout subcontracting chains. Trademarks are used to identify which products have been manufactured under fair conditions. The Fairtrade Foundation also provides guidance on fair trade criteria and works with companies to encourage their adoption (Hale, 1995: 17; Oxfam, 1996; Shaw, 1996).

The Clean Clothes Campaign (CCC) in the Netherlands aims to improve the labour conditions of workers in the garment industry worldwide (CCC, undated; CCC, 1995). Oxfam's Clothes Code campaign, aimed at protecting the rights of workers to organise and bargain collectively, has made some progress with three of the UK's top five retailers. C & A's code of conduct has been strengthened following a meeting with Oxfam. 'Next' want to work with Oxfam on developing more detail in their code of conduct and monitoring systems, while Sears would like to work with Oxfam to further strengthen the implementation of their existing code of conduct (Oxfam, 1996).

There may scope for advancing gender equality labour standards through the activities of northern NGOs whose effectiveness lies in consumer awareness and power. But, while gender issues are a concern to them, little has yet been done to tackle these issues systematically. UK NGOs have set up the Monitoring and Verification Working Group (MVWG) to research and push forward the dialogue about corporate codes of conduct, and more broadly, corporate accountability. To date, MVWG has published a report, **Open Trading**, which sets out what companies, NGOs, trade unions and consultancies are already doing in the area of monitoring and verification. A subset of MVWG has also begun a process of active dialogue with 30 UK retail

companies (Rebecca Abbot, FairTrade Foundation, personal communication; NEF/CIIR, 1997).

#### **4.7.3. Anti-child labour measures**

The issue of child labour is highly contentious. Efforts made by some governments (e.g. India, Brazil and the Philippines) to halt child labour are well known. Brazil and India have both followed approaches which combine legal action with economic incentives (Grootaert and Kanbur, 1995: 41). Trade unions have also demanded that a ban on child labour be included in basic social standards (ILO, 1996c: 110).

In 1992, USA introduced the Child Labour Deterrence Act (Harkin Bill) that sets out to ban foreign goods manufactured by using child labour (ILO, 1996c: 109). Worker organisations in Bangladesh have opposed implementation of this Bill which proposes to link the increase of garment quotas to the banning of child labour, arguing that what is needed are strategies to address poverty and improve employment conditions, rather than the dismissal of children from factories (Hale, 1996: 12) (see Box 3).

#### **Box 3: Trade policy, human rights and girl workers in Bangladesh's garment industry**

Five million people are estimated to be dependent directly or indirectly on the garment industry in Bangladesh. Over 50,000 girls are thought to have been made redundant as a result of the US Harkin Bill, which legislates against US imports of garments produced by children under 15. These redundancies have caused hardship for girls and their families who have relied on their income from the garment industry, and have few alternative sources of livelihood. Many sacked underage garment workers go on to work in informal sector production, much of which is sub-contracted from registered factories.

These moves to improve employment conditions without providing an alternative livelihood for child workers and their dependants have been described as negatively impacting on the basic human right to life, and the need for children to contribute to poor families' incomes. After pressure from international and Bangladeshi human rights organisations, trade unions, ILO, USAID and UNICEF, a small-scale programme has been introduced to benefit retrenched girls in the form of an 'education programme' for 7-8,000 girls.

**Source:** Wahra and Rahman (1995) cited in Oxaal and Baden (1997).

Establishing a minimum working age may be counterproductive and, in the absence of alternatives, could force children into worse working conditions. It may offer little protection to underage child workers, and put them into a vulnerable position since they are unable to seek assistance when exploited because of their illegal status (Johnson *et al*, 1995: 76) For example, an illegally employed underage worker may be unable to claim compensation for a factory accident (Marcus and Harper, 1996:

43). There may be knock on effects on women, whose livelihoods depend on managing their children's labour at home (Susan Joeques, personal communication). Furthermore, such legislation is geared towards formal sector employment whereas many children work in the informal sector (Marcus and Harper, 1996).

The ILO is in the process of developing a new Convention that targets the most intolerable forms of child labour. In its preparatory work, the ILO has produced a report which examines the law and practice on this subject. The report makes reference to the special problems of girls and the need for 'special protection of girls'. It maintains that the nature of girls' work is significantly different from that of boys, and that these differences need to be considered in evaluating what is considered 'intolerable'. With respect to trade, subcontracted wage work for girls is highlighted. Progress in enforcing any new conventions will be hampered by lack of gender-disaggregated data, particularly as regards the informal sector where most girls' work is concentrated (ASI/ILO, undated: 1).

#### ***4.8 Policy options to support gender equality in labour standards***

The arguments for and against social clauses raise a number of issues. The notion that trade sanctions (financial penalties that the WTO dispute resolution procedures allow for, rather than the unilateral trade embargo actions previously used) would influence the actions of developing country governments may have some mileage as the case of Bangladesh shows, where employers shed child labour in the face of the Harkin Bill. However, it also had counterproductive effects, plunging families reliant on the proceeds of child labour into deeper poverty.

Negotiating minimum labour standards through consensus building is complicated by the fact that it is not obvious how all parties stand to gain by observing these standards. From experiences of similar negotiations e.g. on global trade liberalisation, progress was secured by extremely complex negotiations involving offsetting deal-making and bargaining among parties on arrangements for particular products, in what was a fundamentally a non-zero sum situation, i.e. where all could in principle gain from trade expansion (EIU, 1994).

Furthermore, judging from how environment and trade issues have been treated, developing country governments would either need to be persuaded of the national benefit of enforcing labour standards, or compensated by rich countries to make it worthwhile to observe labour standards. Within this scenario, labour standards that deal with gender inequality (e.g. Convention No. 111) could be addressed. Public action for gender equality is intrinsic to development, a fact recognised by governments and donors in relation to girls' education. It is acknowledged that educational investments in girls are necessary to generate proper returns to their labour. For this to be sustainable requires the removal of gender distortions in labour markets. The inclusion of relevant provisions in trade agreements could provide leverage in this direction.

Problems of implementation and political will highlighted above suggest that complementary avenues also need to be explored, e.g.:

- Northern TNCs whose subsidiaries must follow local statutory provisions can be made accountable through their headquarters;
- Importing firms, retailers or contractors (as in garments) can assume 'chain of obligation' for in-country employment conditions;
- Supporting local civil society organisations promoting gender equality in labour markets;
- Supporting local organisations of women workers seeking fair treatment;
- Supporting research into better understanding of the causes, nature and consequences of gender inequality in labour markets in developing countries. This should also include the conditions under which public action is feasible, what kinds of measures would be most effective, and the standards to which it is reasonable to expect governments to aspire.

Export expansion in many situations provides an economically buoyant context, often with specific demand for female labour in the most rapidly growing sectors, in which action in support of gender equality can be accommodated politically without threatening growth.

Growth and social development which rests on the exploitation of women is a pattern that threatens human resource development in the broadest sense: immediately, in terms of the attack on the dignity and right to equality of leisure of women and, in the longer term, through its impact on the well-being of children.

## **5. CONCLUSIONS AND POLICY IMPLICATIONS**

### **5.1 General findings**

This report analysed the observed and potential gender effects of trade expansion in poor countries of special interest to DFID, with a view to drawing out lessons for trade negotiators concerned with gender equality.

A starting point is that the comparative advantage theory of international trade, which has strong explanatory power in respect of actual inter-regional trade flows and is familiar to trade policy analysts, can be broadened to incorporate social and political analysis. In this way, the gender variable can become an integral part of analysing and formulating trade policy.

Existing literature on the gender dimension of international trade tends to focus on the income and employment rather than the consumption effects, and on the impact of changes in export production rather than of import displacement. It is analytically difficult, and the data are lacking, with which to link macro- and micro- price and consumption effects, even though a significant gender dimension may be present in this connection. In contrast, the income-changing and employment-creating effects of trade expansion are relatively easily identified, and so too are the livelihood effects of trade expansion on particular occupational sub-groups.

A focus on employment is helpful for development purposes, as employment provides one of the most effective ways of breaking out of poverty. But it should be noted that occupational changes cannot be mapped onto livelihood effects for households, except when whole families are concentrated within a given occupation, perhaps on a caste or immigrant-group basis. Therefore, this report has been concerned primarily to understand and highlight the gender dimension in the income side livelihoods effects of trade expansion, with emphasis on the impact on the poorest groups wherever possible. The findings are most simply presented in terms of the effects in different economic sectors.

#### **5.1.1. Industry**

Here the gender outcomes of trade expansion are most clearcut; indeed some powerful general results emerge.

Where poor countries have achieved expansion of non-commodity exports, there has been relative growth in female-intensive sectors of industry. The lower the income level of the economy, and/or the greater the concentration of clothing production and electronics assembly in export production, the greater the employment-creating effects of trade have been for women. The result holds up statistically worldwide. Increases in the ratio of exports to total manufacturing output have been strongly associated with increased shares of women in the manufacturing labour force.

Bangladesh provides - through the growth of its clothing industry - what may be an extreme illustration of the scale and effects of employment creation for women directly attributable to trade expansion. But many other countries also show a significant effect in terms of increases in the share of women in the formal labour force in industry (and by extension, in most cases, in the formal labour force overall). This has undoubtedly had multiplier effects on employment creation in the informal sector, in which women may be expected also to share. Sub-contracting and supply links between formal sector enterprises and small workshops are widespread, illustrated in this report for the case of Pakistan. No estimates exist for Pakistan - nor any other country, as far as is known - of the ratios of production and employment in formal and informal sector enterprises respectively, as regards production for export. But a UNIDO estimate that the ratio of informal to formal sector jobs in newly created industrial employment in developing countries is around 3:1 is suggestive of the likely order of magnitude involved (UNIDO, 1995).

The literature suggests that in many countries women's employment opportunities are concentrated in the informal sector. Given the lack of quantitative information about the informal sector, it is not known whether trade expansion tilts the balance of employment opportunities for women towards the formal sector by drawing in more women, or whether, via the multiplier effect, it provides a basis for expansion of the whole range of opportunities in a similar formal: informal sector proportion as before. In either case, trade expansion has a real effect in improving the balance of employment opportunities open to women, in terms of provision of wage employment on better terms (if there is a shift towards the formal sector) or in terms of expansion of income-earning opportunities of all kinds, relative to unpaid work (if the expansion does not disturb the ratio of employment between the formal and informal sectors).

The literature also indicates that the impact of trade-related employment creation is on balance beneficial to women in social as well as economic terms. Employment provides women with some degree of economic autonomy, improved status and influence within their households, the choice to enter or leave marriages and the possibility of providing for children's material welfare in the event of divorce. It also sets in train wider change in gender relations, by shifting parents' perception of girls away from being a liability and towards seeing them as potential income earners and contributors to the household. Attitudes and incentives towards educating girls are improved as a result (Kabeer, 1995).

In general, the gender effects of employment would seem to be most beneficial to women:

- where wages for women relative to men are highest;
- where new trade-related employment represents the greatest increase in income-earning opportunities compared to alternatives;
- where new opportunities entail the greatest change in social practices of seclusion and subordination of women.

Employment in newly created export industries often meets these conditions. Some of the same gains can be captured by women working in the informal sector, if they are

able to participate in organisations that support collective bargaining with brokers on the terms of work.

Although some case studies in the literature show that women are more qualified than men in export industries, and also that, according to Wood (1991), basic levels of education are a prerequisite in a modern industrial sector labour force, it is certainly not the case that in low income countries, poor, uneducated women are completely barred from employment in the export manufacturing, as for example in Morocco and, possibly, Bangladesh (Joeke, 1995). Indeed, such jobs offer women without education by far the best earning opportunity, and may attract earnings far higher than those available to most similarly uneducated male members of their household. In Bangladesh, women's clothing factory wages are two to three times male agricultural workers' earnings (*ibid*, 1995).

However, the longer-term benefits of trade-related employment for women are less clear. Trade increases women's access to labour markets, but women may stay locked in at relatively low levels of pay and skill in the export sector, becoming increasingly discriminated against as export production is diversified and industrial production structures are upgraded. Thus, the share of women has fallen off markedly in EPZs in Singapore and Mexico. One interpretation is that trade expansion offers women a once-off benefit in terms of improved access to the labour market, but with no sustained improvements in labour market status thereafter.

In summary, trade expansion facilitates and accelerates the absorption of women into the modern industrial economy. This has strongly positive gender equity effects, even when the conditions of work are less favourable than for men in similar occupations. Women's universally disadvantaged position in labour markets in developing countries - the wage and job discrimination they face - paradoxically rebounds to their advantage under the competitive conditions brought in with trade liberalisation, at least in those countries which have a comparative advantage in labour-intensively produced goods.

The impact of trade expansion on women's economic activity also has wider human resource development as well as gender benefits. It gives women greater control of income, although not always absolute individual control. Women tend to have more family- and 'socially'-oriented expenditure patterns than men, i.e. they invest in social networks and reciprocal support relationships. Therefore, as women's share of total wage payments rises with trade expansion, child nutritional status and other human resource development indicators may be expected to rise and the livelihood basis of households with women wage workers be more securely founded to survive adverse circumstances. In particular, improvement in women's demonstrated income-earning capability strengthens the incentive for investment in the human capital of girls, with all the wider benefits that the education of girls brings.

### 5.1.2. Services

The services sector is highly heterogeneous, but one part of it - business and financial services - is expanding rapidly in developing countries. Trade in services is the fastest growing component of world trade, accounting for about the same amount as primary commodities (20 percent of the total) but soon expected to overtake them in value. Just as in the case of manufactures, developing countries are a force in world trade in services; in general terms, the main non-OECD exporters of services are the same countries that predominate as exporters of manufactures.

Despite this rapid growth, information is sparse about the employment and income effects of traded services. There is no systematic information in the standard sources about the scale of employment or its expansion path in modern traded business services (consultancy, accountancy, legal services etc.). Some but not all services are labour-intensive. Modern business services may be characterised as labour-intensive with high levels of labour productivity due to their technological intensity. The developing country offices of multinational enterprises supplying business services pay much higher average wages than manufacturing multinationals (Joeques, 1995, citing UN/UNCTAD).

Gender-disaggregated data on employment in traded services are even sparser. The main traditionally traded, labour-intensive service affected by trade expansion is tourism. Even though the share of female employment in domestic services tends universally to be high, this does not necessarily carry over into tourism-related service occupations. A few national and sectoral case studies demonstrate that employment in the business services sector is heavily feminised and that, unlike industry, women are represented at all levels of the employment hierarchy. In information-based activities, this is significant because the sector covers a wide skill range, from data entry to computer software design. Women employed in these activities probably earn higher incomes than women workers in industry. The prospective liberalisation under the WTO of trade in financial services, continuing relaxations on foreign investment, and the income elasticity of many financial services suggest that growth in this area is likely to continue.

It is notable that growth of the modern services sector is not limited, as might be expected, to middle-income countries with well-educated labour forces. India in particular has seen the very rapid growth of its information service industries. Sometimes information-based services are presented as a great opportunity for low-income countries to enter the world economy, perhaps even avoiding the need to compete in the world market in clothing, shoes, sports goods and other light manufactures, where trade rivalries are increasing over time. As with manufacturing, the indications are that women will certainly benefit and may see better long-term employment prospects in this process.

One hypothesis is thus that the modern traded services sector might take over where the industrial sector leaves off, as a second source of relatively well-paying jobs for women. In this case however, access seems likely to be open only to relatively well-educated women, and therefore closed to women from the poorest households.



### **5.1.3 Agriculture**

The findings about the effects in poor countries of trade expansion in agriculture are complex. The analysis reduces here mainly to consideration of agriculture in SSA, for two reasons. Firstly, the region's resource endowments suggest that its comparative advantage in international trade will lie in natural resource-based production, and its export composition is indeed biased in this direction. Secondly, consistent with this fact, agriculture predominates in economic activity in Africa and the population is reliant on agriculture for livelihoods to a much greater extent than in other regions.

The problem of gender biases in the allocation of labour and control of income, which are central concerns of the gender and development literature on Africa, are highly pertinent to trade expansion. Both allocational problems stem from and are reinforced by women's limited property rights in land. In relation to trade, they are manifested in two ways. The first is the co-option of export crop revenues by men even where women's labour is a major input into production. The second is the coercion of female labour into export activity, without adequate return, which diverts resources from subsistence food production and can be detrimental to the nutritional status and welfare of both the woman and her children, leading to, for example, reduced school enrolment of girls. To what extent trade expansion in agriculture can be held responsible for such negative effects, and in what measure, has not been investigated. In any event, analysis of the effects of trade highlights the existence of gender biases that pervade agricultural production systems and suggests the need to take their negative welfare and efficiency consequences seriously.

Non-traditional agricultural exports (NTAEs) are the only significant growth area in SSA exports. They are providing an important source of export revenues in some cases. Women are involved more variously in this than in traditional agricultural production, not only as family labour and own-account farmers but also as 'modern' agricultural wage labour, providing the bulk of the quasi-industrial labour force mobilised for horticultural production on large farms. Evidence from Uganda also suggests that women own account farmers may find it easier to switch to growing NTAEs than to traditional export crops like coffee. It seems that women benefit more substantially in new than in older forms of agricultural production for export in Africa. This kind of trade seems to have relatively good potential to increase women's autonomous income-earning capacity, separately from the issue of property rights in land. This might also have knock-on effects and strengthen women's bargaining position within farm households. But not all African countries will be able to develop NTAEs, and in total value they still remain relatively low in comparison to other export crops.

## **5.2 Policy implications**

Gender equality objectives are not intrinsically in conflict with trade expansion and therefore there is no *a priori* reason to oppose trade liberalisation on these grounds. The goal for gender policy in this connection is to try to bring about the most favourable results from trade expansion, by compensating for ill-effects and by promoting the sustainability of gender benefits from trade.

In particular, gender analysis suggests that rapid phasing out of the MFA is highly desirable. In a post-MFA world, the textiles and especially clothing world market would be supplied to a much greater extent than now by developing, predominantly low-income country producers, since clothing production is highly labour-intensive and automation has not proven viable. Full liberalisation of trade in garments presents the prospect of a greatly enlarged world market to developing country producers.

However, the fallacy of composition might still apply, i.e. international price competition might be so severe as to significantly reduce the profitability of production as already exporting countries increase output and other countries seek to enter the market. Intensified cost competition among low-income countries might drive clothing wages down even further compared to other industrial sectors. Clothing wages are generally the lowest in manufacturing, suggesting that female labour mobility between industrial sub-sectors, which would otherwise moderate relative wage falls, is quite restricted. Policy aimed at promoting gender equality should be concerned at the possible over-concentration of women in low-wage parts of the export sector. Policy needs to encompass measures to ensure gender equality in education and training so that levels of women's qualifications for employment rise in step with men's, as well as measures to ensure gender equality in promotion and in other employment practices.

There is also a case for the formulation and implementation of further measures to reduce discrimination against women in labour markets, so as to bring about sustained improvements in women's labour market status. International action on labour standards and/or for other actions supportive of women workers' rights (such as codes of conduct observed by rich country buyers and contractors) could be increasingly important in such a scenario. It should provide a means of protecting women workers from employment abuse, in terms of wages and working conditions, which is likely to increase, as competition for international markets intensifies.

In the shorter term, advocacy efforts by the consumer and ethical investment movements should include better exposition of the welfare benefits to women from trade, as discussed in this report, alongside dedicated efforts to improve worker protection. The national politics of trade negotiations tend to be heavily influenced by domestic producers; redressing this imbalance, contemporary consumer and ethical investment campaigns provide a mechanism for the normally diffuse interests of consumers to be articulated. Yet, as suggested, ethical consumption campaigns have not devoted much attention to describing the special social developmental effects that can come from improving women's access to paid employment under trade expansion. There is a delicate balance for advocacy organisations to strike in ensuring that in stressing the most negative aspects of employment for women in export activities they do not fall into an unwitting alliance with producer interests that might bolster protectionist tendencies.

Particular attention is required to the situation of domestic outworkers and other women working in the informal sector - more than would be the case for any parallel efforts on behalf of male workers. Implementation of international agreements on labour standards enforced through official machinery cannot be expected to have an impact on them. Without complementary measures, international adoption of labour

standards may lead to further dualism in working conditions, with perhaps even to greater segmentation in the labour market than presently exists between protected and unprotected workers.

Two kinds of measures are required. First, the distinctive appeal of company codes of conduct is precisely that they may be able to circumvent this problem by acknowledging accountability for conditions in all enterprises in the supply chain, reaching down to the smallest workshop and beyond this to domestic outworkers. The identification of plausible mechanisms for monitoring standards in company contracted enterprises and evidence that codes of conduct can be effective in introducing good practice are the next steps needed. If such evidence is not forthcoming, the broad momentum currently behind the company codes of conduct and ethical trading movements may soon fade. Their credibility also depends on the involvement of local NGOs and women's organisations in a consultative or monitoring capacity.

Second, support needs to be given to working women's organisations, covering both formal and informal sector workers, to improve their access to information on labour rights and standards and their ability to take collective action to uphold their rights. There are existing models of good practice in this respect. Support for NGOs active in the field of women workers' rights, organisations of women workers, co-operative organisations such as the Self Employed Women's Association of Ahmedabad, India, (which describes itself as a trade union), and networks and advocacy groups focussing on the conditions of homeworkers (such as Homenet) all deserve consideration and support in this context. The part that enforcement of the June 1996 ILO Homeworkers convention (largely promoted by SEWA's efforts) might play in strengthening such efforts also needs to be given serious consideration by trade policy makers.

In general, more attention needs to be given to representation of women workers in negotiating forms concerned with employment terms and conditions as well as in trade policy matters. International organisations concerned with this issue (e.g. perhaps the ILO) may need support to drive this message home in different countries. Strategies will differ according to circumstances. Dialogue may need to be fostered at country level between women's organisations and general labour organisations concerning women's rights at work and the developmental importance of securing good working conditions for women.

Moving to agriculture, the poor supply response and moderate trade performance by African agriculture - where regional comparative advantage lies - has been ascribed to several factors:

- the limited application of trade liberalisation in this sector, with many trade restrictions including strongly cascading tariff structures remaining in place;
- the inadequate state of physical, telecommunications and administrative-institutional infrastructure necessary for international trade;
- the high level of tariffs on intermediate goods imported into the region, which penalises would-be exporters by raising production costs (of less relevance perhaps to agriculture than to industrial production).

This report has drawn attention to a fourth factor. Gender biases limit African women's rights in land and thus their incentive in and capability for devoting resources to agricultural production for export. It may not be coincidental that the one area of strong performance by African agricultural exporters is in non-traditional products, where women are heavily involved but mainly in the supply of their labour for wage payment (rather than unpaid, as on smallholdings). In traditional agricultural production, gender relations constrain women's participation and this may have inhibited supply response to international prices and has certainly minimised the human developmental welfare benefits from trade.

Investments in national capacity building for trade, for example under a renewed Lomé agreement, must include measures to address gender biases against women in agriculture. For instance, producer contract payments could be made to women farmers and family members, not just to male farmers, and actions could be taken on a broad front to improve women's individual property rights in land. Good practice needs to be defined for women own-account farmers in NTAEs, in terms of fair access to credit, technology and production inputs. The apparent success of NTAEs in involving women producers in Uganda needs to be scrutinised for lessons in this respect.

NTAEs generate significant revenues. Strengthening of women workers' rights can be seen as a way of ensuring that the exporting countries retain a fairer share of the total income, or value chain, generated from production to final sale. Continued promotion of this sector's export performance will also allow for a more equitable internal distribution of the total benefits from trade on gender lines, redressing the bias against women elsewhere in agriculture.

The agriculture large farm sector should not be exempted from pressure to observe labour standards, although some forms of social protection may need to be modified for highly seasonal production. In particular, health hazards may be potentially severe in the NTAEs, especially floriculture, judging from the situation in Latin America, and may need special attention in codes of conduct and labour standards agreements. Company codes of conduct might in fact prove relatively easy to apply in this case. Non-traditional agricultural production in Africa tends to be entirely for export, and the international companies and buyers involved in the short supply chains in perishable goods are sensitive to pressures from the ethical consumer/investment movement.

It not has been possible, to date, to track the consumption effects of trade expansion on livelihoods. For the purposes of poverty eradication, it will be necessary in specific contexts to identify particular social groups hit hard from both directions, e.g. by price rises on essential, non-substitutable goods at the same time as their particular productive activities are displaced, without alternative sources of income becoming available. But to the extent that trade facilitates growth and eases limitations of consumer choice and enables women to share in the gains from trade, this adds to households' livelihood situation by directly and indirectly diversifying income earning capability between household members.

Finally, technical trade policy arguments relating to, *inter alia*, the sequencing of tariff reductions, and negotiating stances adopted on specific market access provisions, need to be informed by gender considerations. As this report has suggested, these cover both equity criteria, i.e. allowing women a fair share in access to the gains from trade, and social developmental criteria, i.e. recognition of the broad social welfare and human developmental gains that come from giving women enhanced primary claims on income.

Trade impact assessments must integrate estimates of the gender balance in income and employment gains - and losses - from prospective trade expansion, and analysis of the policy measures needed to secure longer-term benefits to women. This should be done in the country assessments carried out under the World Trade Organisation's Trade Policy Review Mechanism, for the prospective implementation from 1998 of the special incentive regime of the EU GSP, and in any possible future trade-related technical co-operation strategy developed for DFID.

### **5.3 Research needs**

The compilation of this report has highlighted many gaps in the literature on gender and trade. Given current concerns with coherence between aid and policy, with poverty eradication and with gender equality, some issues of immediate policy relevance are crying out for detailed empirical study.

There is an immediate need, given DFID's poverty eradication objective, to understand **the consumption effects** from trade expansion and liberalisation and to analyse what policy measures are appropriate and effective in different circumstances. The issue is analytically separate from the **income effects** of trade, though in reality outcomes for individuals are the combined results of the two types of effect. The positive and negative influences of changes in trade policy and performance on the situation of the poor needs to be analysed either with respect to poor population groups within less poor countries' economies, or for the entire population in the lowest income countries. Consideration of the price and consumption effects of trade might yield new criteria for targeted safety net or social support programmes, for example.

The consumption effect of trade reform on poor people's livelihoods are mediated by gender relations at the level of markets and the household. Where women's income

earning possibilities are constrained, and where poor households are dependent on purchases in globally-linked markets, but with limited substitution possibilities, women may be 'caught' between their household responsibilities and lack of independent access to cash. This, in turn, may have detrimental effects on overall household welfare.

The production and employment **displacement effects** of trade liberalisation in poor countries, although often asserted, have been little studied. The effect of changes in trade policy on business profitability needs to be disentangled from other influences such as technical progress, although this may be intensified by greater openness to trade. The displacement effect may be substantial, if labour mobility between sectors and occupations is restricted and if markets are not expanding. Given the existence of labour markets which are segmented by gender and other factors, women of particular demographic status (e.g. elderly women living alone), dependent on income from artisanal activity of some kind, for which markets are threatened by cheaper imports, may find their livelihoods severely undermined by a reduction in work opportunities and an inability find alternative employment. The issue is probably best approached empirically by study of country-level experiences encompassing the characteristics both of the composition of the productive sector prior to trade policy reform and of the labour market in terms of its ability to provide alternative work opportunities to particular sub-groups of the population.

Linked to this, there is an important need to understand the characteristics of the informal sector in the context of trade reform. Integrated comparative assessments of the array of informal sector employment opportunities open to women and men respectively are few and far between, and none has been done in the context of changes in trade policy. Research is needed to investigate its scale of production and employment, both absolutely and relative to formal sector activity; its direct and indirect contribution to internationally traded production under different types of trade policy and performance; the ratio of formal to informal sector activity within production chains; and the nature of the contractual and supply links between formal and informal sector enterprises (where the concept of 'enterprise' includes domestic outwork). The subject could be studied at country level or for different industrial branches across countries. From the point of view of social policy, also valuable would be an evaluation of different forms of social protection for women workers (health schemes, collective bargaining, savings schemes etc) and forms of reproductive care provision that have been made in the informal sector, especially childcare.

The report highlights a striking contrast between the trade performances of Pakistan and Bangladesh. A comparative analysis of the two countries' trade and labour market policies and their resource endowments could further illuminate the usefulness of Wood's (1991) model of comparative advantage, and the need to understand the characteristics of the labour force that are conducive to building up manufacturing export capacity. In particular, it would improve understanding of the particular educational and other characteristics of female labour that make a female labour force attractive to employers, and the social and cultural conditions that allow women to offer their labour in wage employment. Such a study could also encompass

investigation of the displacement effects of trade policy and examination of the characteristics of the informal sector, as discussed above.

The rapid growth of non-traditional agricultural exports (NTAEs) from several countries in Africa, including the poorest countries, is remarkable, not only because of their greatly superior performance to traditional agricultural exports, but also from a gender perspective. As the report showed, in Uganda at least, women own account farmers are more involved in this kind of production than in other export production and there is anecdotal evidence that women are also heavily involved in wage employment in this sector. On both counts the expectation is that rural women derive more benefit from the expansion of NTAEs than from traditional agricultural exports. This hypothesis should be tested in the field. The analysis also suggests that export performance is improved with women's equitable involvement in production, i.e. that promotion of NTAEs from African countries is a possible win-win situation, serving both economic efficiency and human development objectives. Research which supports this proposition could greatly add impetus to attempts to make policies generally more gender equitable throughout the agricultural sector with the aim of enhancing both export prospects and the developmental gains from traditional agricultural production in the region.

Finally, there is a clear need for an updating of the quantitative analysis of the relationship between changes in the export share of manufacturing output and the female intensity of the labour force in the manufacturing sector in developing countries. Wood's 1991 study, drawn on heavily for this report, found a strong positive relationship, reflecting shifts in the composition of manufacturing production after economic reform and restructuring towards labour-intensive products, for which women are the preferred source of labour. This research strongly supports the widely accepted view that the gender impact of trade liberalisation is favourable in at least one important respect, namely that trade expansion gives women greater access to the labour market.

However, this finding was based on data only up to the mid-1980s; later data are now available which could form the basis of an extended analysis. One would expect the picture to be less simple now and careful interpretation should be carried out to ascertain whether the original findings are robust over a wider geographical sample and longer time period.

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## APPENDIX 1: List of relevant labour standards conventions adopted by session

Convention No.	Convention	Date/Place	Total ratifications (countries) by 1/6/96
29	Forced Labour Convention	1930, Geneva	139
87	Freedom of Association and Protection of the Right to Organise Convention	1948, San Francisco	115
98	Right to Organise and Collective Bargaining Convention	1949, Geneva	126
100	Equal Remuneration Convention	1951, Geneva	125
105	Abolition of Forced Labour Convention	1957, Geneva	117
111	Discrimination (Employment and Occupation) Convention	1958, Geneva	120
131	Minimum Wage Fixing Convention	1970, Geneva	125
138	Minimum Age Convention	1973, Geneva	49
155	Occupational Safety and Health Convention	1981, Geneva	26

Source: ILO, 1996b

## **APPENDIX 2: Select organisations working on social clause/labour standards issues**

### **1. Policymaking bodies**

Cleopatra Doumbia-Henry - Legal Advisor  
**International Labour Office (ILO)**  
4 route des Morillons  
CH 1211 Geneve  
Switzerland  
Tel: 00 41 22 799 6503

**World Trade Organisation (WTO)**  
Centre William Rappard  
154 rue de Lausanne  
CH-1211 Geneve 21  
Switzerland  
Tel: 00 41 22 739 5111  
Fax: 00 41 22 731 4206

**United Nations Conference on Trade and Development (UNCTAD)**  
Palais des Nations  
1211 Geneva 10  
Switzerland  
Tel: 00 41 22 917 1234  
Fax: 00 41 22 907 0057

## **2. Research Institutions**

### **International Institute for Labour Studies**

P O Box 6  
CH-1211 Geneva 22  
Switzerland  
Tel: 00 41 22 799 61 28  
Fax: 00 41 22 788 09 50

Anne Weston

### **North South Institute**

Ottawa  
Canada  
Email: aweston@web.net

### **The Centre for Women's Development Studies (CWDS)**

B-34 Panchsheel Enclave  
New Delhi  
110 017  
India

*Promotes, develops and disseminates knowledge about the evolution of women's roles in society, and trends in social and economic organisation. Has published Women's Work and Employment: Struggle for a Policy.*

### **3. NGOs, campaigns and trade unions**

Jo Brew

**WIDE**

70 rue du Commerce

B-1040 Brussels

Belgium

Tel: 00 32 2 545 9070

Fax: 00 32 2 512 73 42

email: WIDE@gn.apc.org

*Developing a strategy for lobbying the European Parliament on trade. This involves publishing a 'gender map' of EU trade policies. Specific action will be taken in relation to EU trade agreements with Asia and the WTO.*

#### **Woman to Woman (Mujer a Mujer)**

606 Shaw Street

Toronto

Ontario

Canada

M6G 3LG

Tel: 00 1 416 532 8584

Email: perg@web.apc.org

#### **Asia Monitor Research Centre**

444 Nathan Road

8-B Kowloon

Hong Kong

*AMRC is launching a new project on workers' perspectives on the social clause in Asia, involving research, information exchange, workshops, and training. Workshops are being held in different regions.*

Angela Hale  
**Women Working Worldwide**  
Centre for Employment Research  
Room 3  
St Augustines Building  
Lower Chatham Street  
Manchester  
M15 6BY  
Tel: 0161 247 1760  
Fax: 0161 247 6333  
Email: women-ww@mcr1.poptel.org.uk

*UK women's group supporting workers through international networking and public education. Current focus on organising in the context of trade liberalisation. Has produced briefing paper on the impacts of trade liberalisation on women workers in Bangladesh, India, Korea, Mexico, Peru, South Africa, Thailand and the UK.*

Alice Tepper Marlin - Executive Director  
Deborah Leipziger - European Representative  
**Council on Economic Priorities**  
Windsor House  
83 Kingsway, 7th Floor  
London WC2B 6SD  
Tel: 0171 831 9420  
Fax: 0171 242 0503

Pamela Dar  
**International Coalition for Development Action (ICDA)**  
115 Rue Stevin - 1040 Brussels  
Belgium  
Tel: 00 32 2 230 04 30  
Fax: 00 32 2 230 52 37

*ICDA works with NGOs throughout Europe and is preparing policy guidelines on gender and trade.*

Tom Sibley - Executive Secretary  
**International Centre for Trade Union Rights (ICTUR)**  
177 Abbeville Road  
London SW4 9RL  
Tel: 0171 498 4700  
Fax: 0171 498 0611

*Defends and extends the rights of trade unions and workers worldwide. Has National Committees in 23 countries, and trains and works with women trade unionists. Publishes quarterly journal 'International Union Rights'.*

**International Restructuring Education Network Europe (IRENE)**  
Anneke van Luijken  
Stations-straat 39  
5038 EC Tilburg  
The Netherlands  
Tel: 00 31 13 535 02 53  
Fax: 00 31 13 535 02 53  
Email: IRENE@ANTENNA.NL

Victoria Johnson  
**ACTIONAID**  
Hamlyn House  
Macdonald Road  
London N19 5PG  
Tel: 0171 281 4101  
Fax: 0171 263 7599

Rachel Marcus  
**Save the Children Fund (SCF)**  
Mary Datchelor House  
17 Grove Lane  
Camberwell  
London SE5 8RP  
Tel: 0171 703 5400  
Fax: 0171 703

Lorraine Collett  
Supporters Information Team  
**OXFAM**  
274 Banbury Road  
Oxford OX2 7DZ  
Tel: 01865 311311/312456

*Through the Clothes Code Campaign, Oxfam is challenging the top five UK high-street clothes retailers to adopt a code of conduct that guarantees humane working conditions for the people who make the clothes. The main focus is on how garments are manufactured in Bangladesh for sale in the UK. Consumers can help to persuade Marks and Spencer, Next, Selfridges, Top Shop and C&A to ensure that the clothes they sell are made in humane working conditions by handing in coupons to the stores asking for the fair treatment of garment workers.*

Jane Tate  
**HOMENET**  
24 Harlech Terrace  
Leeds LS11 7DX  
Tel: 0113 270 1119  
Fax: 0113 277 3269

*HOMENET's focus in 1996 was the campaign for a Convention on Homework at the ILO, to fight homeworkers' rights at the international level. In 1997, HOMENET will move to Asia where it hopes to extend its contacts to many different countries.*

Rebecca Abbott  
**The Fairtrade Foundation**  
7th Floor Regent House  
89 Kingsway  
London WC2B 6RH  
Tel: 0171 405 5942  
Fax: 0171 405 5943  
Email: fairtrade@gn.apc.org

**Clean Clothes Campaign**

van Ostadestraat 233b  
1073 TN Amsterdam  
The Netherlands  
Tel: 00 31 0 20 679 6325  
Fax: 00 31 0 20 673 0595  
Email: [ccc@xs4all.nl](mailto:ccc@xs4all.nl)

*CCC supports the struggles of women workers in garment-producing units (factories, sweatshops, home-based industry) for improved working conditions in the South and North by making the European public more aware of the situation.*

Maggie Burns

**Catholic Institute for International Relations (CIIR)**

Unit 3 Canonbury Yard  
190a New North Road  
London N1 7BJ  
Tel: 0171 354 0883

**Label Behind the Label (LBL)**

CER  
St Augustines  
Lower Chatham St  
Manchester M15 6BY  
Tel: 0161 247 1760  
Fax: 0161 247 6333

*Network of UK organisations that aims to draw attention to the plight of garment workers around the world; to campaign for the improvement of working conditions; to encourage retailers to extend their responsibility for workers in all stages of production; and to promote fair trade.*



**Maquila Solidarity Network (MSN)**

606 Shaw St  
Toronto, Ontario  
Canada M6G 3LG  
Tel: 00 1 416 532 8584  
Email: perg@web.apc.org

*New initiative to promote solidarity between Canadian labour and social-movement groups, and Mexican and Central American counterparts organising to raise standards and improve conditions in maquiladora zones. Supports innovative organising strategies that connect community and workplace issues, and address health and environmental problems and the specific problems of women in the maquiladora workforce.*

**National Labour Committee (NLC)**

15 Union Square West  
New York  
NY 10003-3377

*Organised the consumer boycott campaign that made the GAP group force its contractor in Latin America to allow organising in their factories, improve labour conditions, and pay better wages. The majority of workers in these factories are women.*

Marilyn Carr  
**UNIFEM**  
777 UN Plaza  
3rd Floor  
New York  
NY10010  
USA

*UNIFEM run a women and trade programme. Regional workshops were held in India, Zimbabwe and Brazil and are planned for Barbados, Mexico and Malaysia and UNIFEM also lobbied the December 1996 WTO Meeting in Singapore. Research and publications include an anthology of case studies and advocacy material on how women's organisations can influence trade policy.*

Simon Zadek  
**New Economics Foundation (NEF)**  
First Floor  
Vine Court  
112-116 Whitechapel Road  
London E1 1JE  
Tel: 0171 377 5696  
Fax: 0171 377 5720  
email: [neueconomics@gn.apc.org](mailto:neueconomics@gn.apc.org)

## **APPENDIX 3: Department For International Development summary of BRIDGE Workshop on Trade and Gender - 10 October 1997**

### **Summary**

Although many of the issues surrounding trade and gender are not new, this was the first time that a group from government, the voluntary sector and academia came together to discuss them. The aim of the seminar was to start to bring these issues together in a comprehensive manner with a view to informing policy and action. It was evident from the seminar that we are very much at the start of this process, but will need to keep up the momentum. The international agenda is developing quickly and it will be important to bring up the relevant issues surrounding trade and gender in the appropriate fora and push for action where appropriate.

The BRIDGE study is very useful in highlighting some of the key issues to consider and some possible policy approaches, and importantly it draws attention to some of the key gaps in knowledge and research. The analytical framework used is based on classical economic theory, yet also tries to weave in some of the broader social considerations. Although all did not agree with the balance of analytical approaches used by the report, the group did agree that this is the most practical approach to provide the types of arguments needed to influence key international economic policy makers.

The Group work was useful as it allowed the opportunity to focus on a few key areas in more depth and to start to identify key issues to examine and possible approaches for DFID to take. A summary of the ideas generated is given below. It was agreed that the group was not yet in a position to form firm conclusions and policy recommendations, but that another workshop should be held in the next few months to progress the work. Participants were also invited to feed in to DFID any comments they may have either on the report itself or the broader issues discussed.

### **Group work: Ideas and Conclusions**

#### **1. Policy Goals and Approaches**

- Need more research to gain full profile of positive and negative impacts of trade liberalisation in different contexts.
- The dominant economic framework must be broadened to incorporate social and political analysis and gender should be an integral part of analysing and formulating trade policy.

- Possible entry points for DFID in ‘trade and gender’ issues are:
  - (i) Ethical trade analysis - codes of conduct, home-working, informal sector, wages
  - (ii) Human resource development - education, skills development
  - (iii) Analysis of informal sector - how does it contribute to the national economy?  
Do constraints on women’s time have any impact on overall economic growth as well as their own well-being?
  - (iv) Pro-poor approach - livelihoods, entitlement approaches
  - (v) Article 130v of Maastricht Treaty and EC regulation on Gender and Development

## **2. Trade Policy Issues**

- Problem of information gaps. Need more research - particularly to identify those win/win scenarios where incorporating a gender analysis will also improve economic performance.
- Need to work to integrate gender dimension and include gender disaggregated data in, among others:
  - (i) LDC needs assessments (e.g. for WTO High Level Meeting)
  - (ii) WTO Trade Policy Review mechanisms
  - (iii) Future DFID trade-related technical co-operation strategy
- Need to ensure assessments of trade-related project and programme incorporate a broad consultation process and involve women’s NGOs.
- Need to be sensitive to country-specific differences (e.g. culture, social) and use appropriate approaches.
- Perhaps best scope for providing opportunities for women lies in the value-added agricultural sectors - hence need to address issue of tariff escalation in these sectors.

## **3. Labour Standards and Human Rights**

- Need to find a way to give women a voice and reflect views in ILO structures (which consist of negotiations between employers, government, trade unions). In reality trade unions represent the most likely access route for women. Therefore need to ensure trade unions represent a broad range of groups and concerns - grassroots, women and the informal sector.

- Possible entry points for DFID to address gender issues are:
  - (i) Contacts with UK Trade Unions and the ICTFU Women's unit in Brussels
  - (ii) Ethical Trade Initiative and voluntary codes of conduct
  - (iii) Proposed ILO Home-working Convention
  - (iv) Ground level work with women's NGOs/co-operatives/worker's unions
- Further work needed on GSP 'positive incentive' scheme and integrating the gender dimension
- Need to address labours standards and human rights issues in all sectors including informal, domestic and home-working.

### **Key Conclusions**

- **The way forward:** Overall this needs to occur on a number of different levels:
  - (i) International trade policies - DFID inputs to integrate/support gender dimension
  - (ii) Trade and gender issues - need to demonstrate why gender analysis in trade work is useful and important and can have practical economic benefits (for different entry points see 1 and 3 above).
  - (iii) Bilateral project support - gender-sensitive trade-related TC
  - (iv) Funding further research and analytical work
- **Possible areas for future research**
  - (i) Investigation into possible linkages between women's time constraints and restrictions on export expansion i.e. Are gender constraints a reason for weak response to trade liberalisation?
  - (ii) Further work on linking the macro and micro levels. How best can links be made between global policy making and regulatory frameworks and livelihood issues? What about the role of the informal sector? (this work should include participatory assessments).
  - (iii) Assessment of the impact of trade liberalisation on consumption and how this affects women.
  - (iv) Further research into effects of trade liberalisation on women's wider roles in society, the household, health and nutrition.
  - (v) Investigating potential longer-term displacement effects of trade liberalisation e.g. what are the effects as industries progress towards diversification and mechanisation?
  - (vi) More country specific data gathering and analysis e.g. on labour market structures/composition for different export industries and sectors; opportunities for women in non-traditional agricultural exports sectors.

## Next Steps

- **BRIDGE's final report:** It would be useful if BRIDGE could include the following in the final report:
  - (i) A chapter on methodology to justify their choice of analytical framework. The discussion of this during the presentation was useful and should be drawn on. It would be useful for the report to point out the reasons for this choice and its advantages and disadvantages.
  - (ii) For each of the case studies, it would be useful to tie in the following:
    - (a) more background on the package of reforms of which trade liberalisation was part; and
    - (b) more information on women's employment pre- and post-liberalisation. This is in order to make a fuller assessment of the specific impact of trade liberalisation relative to the wider changes occurring in each case (see Stephanie Barrientos' note of 7 October).
  - (iii) A summary of what wider and follow-on work would be useful e.g. on consumption issues.
- **DFID follow-up:** DFID staff will be meeting shortly to discuss what specific action should be taken as follow-up to the seminar. In particular, we wish to explore the following areas in more depth:
  - (i) Possible research into those win/win scenarios where a gender focus also has positive economic impacts.
  - (ii) Ways on integrating gender into the EU GSP 'positive incentive' scheme and possibilities of the WTO adopting such a scheme?
  - (iii) Incorporating gender into work on the Ethical Trading Initiative and voluntary codes of conduct.
  - (iv) Including the gender dimension in WTO Trade Policy Review Mechanisms.
- **Future Seminar:** DFID would like to hold another seminar early next year. We will feedback the results of our own follow-up and liaise with participants to set a date. In the meantime, we would welcome any comments or ideas that participants wish to feed in.

## **APPENDIX 4: List of participants in DFID/BRIDGE Workshop on Trade and Gender, 10 October 1997**

### Department for International Development (DFID)

#### **European Union Division (EUD)**

Catriona Laing

Caroline Le Quesne

Lyndsay McClean

#### **Institutions and Economics Division (IED)**

Jane Donneker

#### **Social Development Division (SDD)**

Adam Burke

Annabel Grant

Sue Jones (facilitator)

### Briefings on development and gender (BRIDGE)/Institute of Development Studies (IDS)

Marzia Fontana, Researcher

Susan Joeke, IDS Fellow

Rachel Masika, BRIDGE Information Officer

### Other

Stephanie Barrientos, University of Hertfordshire

Ebba Dohlman, Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD).

Penny Fowler, Catholic Institute for International Relations (CIIR)

Angela Hale, Women Working Worldwide (WWW)

Guy Hewitt, Gender and Youth Affairs Division (GYAD), Commonwealth Secretariat

Liz Orton, Christian Aid